

## IMPORTANT NOTICE

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

**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.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. 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 APPLICABLE STATE OR LOCAL SECURITIES LAWS.

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This Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing the Prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Prospectus by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this email has been delivered is not located in the United States, 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 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 Article 49(2)(a) to (d) of the Financial Services and Markets Act (Financial Promotion) Order 2005.

This Prospectus has been sent to you in 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 CMF 2024-1 PLC (the "**Issuer**"), Charter Court Financial Services Limited ("**CCFS**"), Banco Santander, S.A. (trading name Santander Corporate & Investment Banking), Merrill Lynch International and Deutsche Bank AG, London Branch 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 (as defined below).

## CMF 2024-1 PLC

(Incorporated in England and Wales with limited liability, registered number 15563702)

Issuer Legal Entity Identifier: 635400EASW5CTLLQAS73

Securitisation Transaction Unique Identifier: 213800ZCPY5ZNSY51637N202401

Class of Notes	Initial Principal Amount	Issue Price	Reference Rate	Margin (payable up to and including the Optional Redemption Date)	Step-Up Margin (payable after the Optional Redemption Date)	Ratings (Fitch/Moody's)	Final Maturity Date
Class A Notes	£300,000,000	100%	Compounded Daily SONIA	0.60% per annum	0.90% per annum	AAAsf/ Aaa(sf)	The Interest Payment Date falling in February 2062
Class Z Notes	£29,050,000	100%	Fixed	0.0%	0.0%	Not rated	The Interest Payment Date falling in February 2062
Class X Notes	£4,120,000	100%	Fixed	0.0%	0.0%	Not rated	The Interest Payment Date falling in February 2062

The Optional Redemption Date is the Interest Payment Date falling in May 2029.

From the Collection Period Start Date immediately preceding the Optional Redemption Date, the Seller has the right to exercise the Call Option in relation to the Portfolio, which would result in an early redemption of the Collateralised Notes.

### ARRANGER

**SANTANDER  
CORPORATE &  
INVESTMENT BANKING**

### JOINT LEAD MANAGERS

**SANTANDER CORPORATE &  
INVESTMENT BANKING**

**BOFA SECURITIES<sup>1</sup>**

**DEUTSCHE BANK AG,  
LONDON BRANCH**

The date of this Prospectus is 28 May 2024

<sup>1</sup> BofA Securities means Merrill Lynch International.

**Issue Date** The Issuer will issue the Notes in the classes set out above on or about 30 May 2024 (the "**Closing Date**").

**Standalone/  
programme  
issuance** Standalone issuance.

**Listing** This prospectus (the "**Prospectus**") has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic UK law by virtue of the EUWA (as amended, 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 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.

Such approval relates to the Class A Notes and the Class Z Notes (together, the "**Collateralised Notes**" and the holders thereof the "**Collateralised Noteholders**"), and the Class X Notes (together with the Collateralised Notes, the "**Notes**") which 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 domestic UK law by virtue of the EUWA ("**UK MiFIR**") or which are to be offered to the public in the UK.

Application has been made to the FCA for the Notes to be listed on the Official List in accordance with section 74 of the Financial Services and Markets Act 2000 (as amended by the Financial Services and Markets Act 2023, "**FSMA**") and to the London Stock Exchange plc for the Notes to be admitted to trading on its regulated market.

**Underlying  
Assets** The Issuer will make payments on the Notes from, *inter alia*, payments of principal and revenue received from a portfolio comprising mortgage loans and their related security originated by CCFS (under its trading name of Precise Mortgages ("**Precise**")) and secured over residential properties located in England and Wales and sold by CCFS (in its capacity as the seller, the "**Seller**") to the Issuer on the Closing Date. The Issuer confirms that the assets backing the issue of the Notes and the Notes are not part of a re-securitisation.

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 the Notes is provided in the following manner:

- in relation to the Class A Notes, overcollateralisation funded by the Class Z Notes;
- the availability of the General Reserve Fund;
- the amount by which Available Revenue Receipts exceed the amounts required to pay interest on the relevant Class of Notes in accordance with the Pre-Enforcement Revenue Priority of Payments and all other amounts ranking in priority thereto; and

- following service of an Enforcement Notice, in respect of all Notes all amounts credited to the General Reserve Fund Ledger, subject to application in accordance with the Post-Enforcement Priority of Payments.

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

### **Liquidity Support**

Liquidity support for the Notes is provided in the following manner:

- the subordination in payment of those Classes of Notes ranking junior in the relevant Priority of Payments;
- in respect of the Class A Notes only, the Principal Addition Amounts (subject to the limitations set out in the definition of Senior Expenses Deficit); and
- in respect of the interest on the Class A Notes only, all amounts standing to the credit of the General Reserve Fund.

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

### **Redemption Provisions**

Information on any mandatory redemption of the Notes is summarised on page 61 ("*Transaction Overview – Summary of the Terms and Conditions of the Notes*") and set out in full in Condition 8 (*Redemption*) of the terms and conditions of the Notes (the "**Conditions**").

### **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 FCA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended) ("**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.

### **Credit Rating Agencies**

Fitch Ratings Ltd ("**Fitch**") and Moody's Investors Service Ltd ("**Moody's**") (each a "**Rating Agency**" and together, the "**Rating Agencies**"). As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended, varied, superseded or substituted from time to time) (the "**UK CRA Regulation**").

Each of Fitch and Moody's is included on the list of registered and certified credit rating agencies that is maintained by the United Kingdom Financial Conduct Authority (the "**FCA**").

Fitch and Moody's are not established in the European Union (the "EU") and have not applied for registration under Regulation (EU) No 1060/2009 (as amended).

**Credit Ratings** The ratings assigned to the Class A Notes by both Fitch and Moody's address, *inter alia* (a) the likelihood of full and timely payment to the holders of the Class A Notes, of all payments of interest on each Interest Payment Date and (b) the likelihood of ultimate payment to the Noteholders of principal in relation to the Class A Notes on or prior to the Final Maturity Date. The ratings assigned to the Class A Notes by Moody's also address, *inter alia*, the expected loss to a Noteholder in proportion to the Principal Amount Outstanding on the Closing Date of the Class A Notes held by such Noteholder on the Final Maturity Date.

Ratings are expected to be assigned to the Class A Notes on or before the Closing Date. The assignment of a rating to the Class A Notes by any Rating Agency is not a recommendation to invest in the 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.

The Class X Notes and the Class Z Notes will not be rated.

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

**Risk Retention Undertaking** Save as described in the paragraph below in respect of the EU Retention Requirement, on the Closing Date, CCFS (in its capacity as originator for the purposes of (i) the UK Securitisation Regulation and (ii) under the Transaction Documents in connection with the EU Securitisation Regulation) retains on an ongoing basis a material net economic interest of not less than 5 per cent. in the securitisation (the "**Retained Interest**") (i) as required by Article 6(1) of the UK Securitisation Regulation together with any binding technical standards as amended, varied or substituted from time to time after the Closing Date (the "**UK Retention Requirement**") and (ii) under the Transaction Documents in connection with Article 6(1) of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) together with any binding technical standards as in force on the Closing Date, not taking into account any relevant national measures, but solely as such articles are interpreted and applied on the Closing Date (the "**EU Retention Requirement**" and, together with the UK Retention Requirement, the "**Retention Requirements**").

As at the Closing Date, the UK Retention Requirement and the EU Retention Requirement will each be satisfied by the Seller holding the first loss tranche and other tranches having the same or a more severe risk profile than those transferred or sold to investors, in this case, represented by the retention by the Seller of the Class Z Notes, (i) in accordance with Article 6(3)(d) of the UK Securitisation Regulation and (ii) under the Transaction Documents in connection with Article 6(3)(d) of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) as though Article 6 of the EU Securitisation Regulation applied to the transaction, not taking into account any relevant national measures, but solely as such articles are interpreted and applied on the Closing Date, **provided that** on and from the applicable SR Equivalency Date (but only for so long as SR Equivalency is maintained), references to, and obligations in respect of, the EU Securitisation Regulation shall not apply. Any change to the manner in which such interest is held will be notified to investors. Certain undertakings in respect of the UK Retention Requirement and EU Retention Requirement are given by the Seller in the Mortgage Sale Agreement.

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

- the obligation of the Seller to comply with the EU Retention Requirement is strictly contractual pursuant to the terms of the Mortgage Sale Agreement and applies with respect to Article 6 of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) and any binding technical standards, not taking into account any relevant national measures, as such articles are interpreted and applied on the Closing Date only, until the applicable SR Equivalency Date (but only for so long as SR Equivalency is maintained); and
- the Seller will be under no obligation to comply with any amendments to applicable EU technical standards, guidance or policy statements introduced in relation thereto after the Closing Date.

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

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

See the section entitled "*Regulatory Disclosures*" for more information.

The Seller, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5 per cent. of the credit risk of the securitised assets for the purposes of compliance with the final rules promulgated under section 15G of the Securities Exchange Act of 1934, as amended (the "**U.S. Risk Retention Rules**"), but rather intends to rely on an exemption provided for in section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions.

**UK Simple,  
Transparent  
and  
Standardised  
("UK STS")  
Securitisation**

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

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

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

Each potential UK Affected Investor is required to independently verify on transactions notified as STS the compliance of the transaction with the STS Requirements. None of the Issuer, the Arranger, the Joint Lead Managers, the Seller or any of the other Transaction Parties makes any representation that any such information described above or elsewhere in this Prospectus, or in the UK STS Notification or UK STS Verification is sufficient in all circumstances for such purposes.

Note that designation as a UK STS securitisation does not meet, as at the date of this Prospectus, the STS requirements of the EU Securitisation Regulation, and, as such, better or more flexible regulatory treatment under the relevant EU regulatory regimes (in particular, under the EU CRR, the EU LCR Regulation and the EU Solvency II regime) will not be available. For further information please refer to the Risk Factor entitled "*Risk Factors – STS Securitisation and related risks*" below.

No representation or warranty is made by CCFS, the Arranger or any other person as to compliance with the UK STS Requirements. No assurance can be given that the Notes will, on the Closing Date, be compliant and thereafter remain compliant, because the UK STS Requirements may change over time. For further information please refer to the Risk Factor entitled "*Risk Factors – STS Securitisation and related risks*" below.

**The Volcker Rule** The Issuer is of the view that it is not now, and immediately after giving effect to the offering and sale of the Notes and the application of the proceeds thereof on the Closing Date will not be, a "covered fund" (together with such implementing regulations) for the purposes of regulations adopted under section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the "**Volcker Rule**").

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 of 1940 (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, 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 section entitled "*Risk Factors – Legal Risks and Regulatory Risks – Effects of the Volcker Rule on the Issuer*".

<b>ERISA Considerations</b>	The Notes may not be purchased or held by any "employee benefit plan" as defined in section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (" <b>ERISA</b> "), which is subject thereto, or any "plan" as defined in section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the " <b>Code</b> ") to which section 4975 of the Code applies, or by any person any of the assets of which are, or are deemed for the purposes of ERISA or section 4975 of the Code to be, assets of such an "employee benefit plan" or "plan", or by any governmental, church or non-U.S. plan which is subject to any state, local, other federal law of the United States or non-U.S. law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code (" <b>Similar Law</b> "), and each purchaser of the Notes will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds the Notes will not be, such an "employee benefit plan", "plan", person or governmental, church or non-U.S. plan subject to Similar Law.
<b>Deferred Consideration</b>	The Seller has the right to receive Deferred Consideration (as defined below). See the section entitled " <i>Summary of the Key Transaction Documents – Mortgage Sale Agreement – Portfolio</i> ".
<b>Significant Investor</b>	CCFS shall on the Closing Date purchase 100 per cent. of the Class Z Notes and the Class X Notes and as a result, as at the Closing Date, CCFS will be able to pass or block Noteholder resolutions of such Classes. CCFS has no obligation to retain the Class X Notes on an ongoing basis.

**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.**



## IMPORTANT INFORMATION

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus does not omit anything 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.

CCFS accepts responsibility for the information set out in the sections headed "*The Seller and the Servicer*", "*The Loans*" and "*Characteristics of the Provisional Portfolio*". To the best of the knowledge of CCFS, the information contained in the sections referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Cash Manager and the Issuer Account Bank and the Custodian accepts responsibility for the information set out in the sections headed "*The Cash Manager*" and the "*Issuer Account Bank and the Custodian*" respectively. To the best of the knowledge of the Cash Manager, the Issuer Account Bank and the Custodian the information contained in the sections referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Note Trustee and the Security Trustee accepts responsibility for the information set out in the section headed "*The Note Trustee and 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 does not omit anything likely to affect the import of such information.

The Swap Provider accepts responsibility for the information set out in the section headed "*The Swap Provider*". To the best of the knowledge of the Swap Provider, the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Corporate Services Provider accepts responsibility for the information set out in the section headed "*The Corporate Services Provider and Back-Up Servicer Facilitator*". To the best of the knowledge of the Corporate Services Provider, the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Collection Account Bank accepts responsibility for the information set out in the section headed "*The Collection Account Bank*". To the best of the knowledge of the Collection Account Bank, the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything 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 CCFS, the Cash Manager, the Issuer Account Bank, the Custodian, the Collection Account Bank, the Note Trustee, the Security Trustee, the Arranger or the Joint Lead Managers, the Swap Provider or the Corporate Services Provider as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above and not specifically excluded therein) or any other information supplied in connection with the Notes or their distribution.

None of the Arranger nor the Joint Lead Managers provides any assurance that the securitisation transaction described in this Prospectus does or will continue to qualify as a UK STS securitisation under the UK Securitisation Regulation as at the date of this Prospectus or at any point in time in the future.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, CCFS, the Note Trustee, the Security Trustee, the Arranger, the Joint Lead Managers or any of their respective affiliates or advisers.

Neither this Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, CCFS, the Note Trustee, the Security Trustee, the Arranger or the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, CCFS, the Note Trustee, the Security Trustee, the Arranger or the Joint Lead Managers to any person to subscribe for or to purchase any Notes.

The information in the section headed "*Characteristics of the Provisional Portfolio*" has been extracted from the systems of the Seller as at 29 February 2024 (the "Portfolio Reference Date"). The Provisional Portfolio has been selected from a pool of the Seller's Owner-Occupied Loans using a system containing defined data on each of the qualifying loans. This system allows the setting of exclusion criteria, among others, corresponding to relevant Loan Warranties that the Seller will make in the Mortgage Sale Agreement in relation to the Loans. Once the criteria have been determined, the system identifies all loans owned by the Seller that are consistent with the criteria. The loans selected for the Provisional Portfolio are representative of the Seller's portfolio of Owner-Occupied Loans meeting the selection criteria which the Seller holds immediately prior to the sale of the Portfolio. As at the Portfolio Reference Date, the Provisional Portfolio comprised 2,575 loans with an aggregate current balance of £500,203,429.71. The characteristics of the Portfolio will vary from those set out in the tables in this Prospectus as a result of, *inter alia*, repayments and redemptions of loans and the removal of any loans from the Portfolio that do not comply with the Loan Warranties as at the Cut-Off Date. Neither the Seller nor the Servicer has provided any assurance that there will be no material change in the characteristics of the Portfolio between the Portfolio Reference Date and the Closing Date.

The information contained in the section of this Prospectus entitled "*Characteristics of the Provisional Portfolio*" has been extracted from information provided by the Seller (which information has been subject to rounding). Investors should note that none of the information provided in such section has been the subject of an audit. In particular, information relating to bankruptcy orders or IVAs has not been subject to due diligence by means of an agreed upon procedure or other similar examination.

Each of the Arranger and the Joint Lead Managers are entitled to assume that all information provided to them for the purpose of reporting on the arithmetic or other accuracy is true and correct and is complete and not misleading and are not required to conduct an audit or other similar examination in respect of or otherwise take steps to verify the accuracy or completeness of such information save that the Seller will be required to advise the Joint Lead Managers if it has not been provided with any of those figures which it is required to provide.

The information on the websites to which this Prospectus or any applicable supplement refers does not form part of this Prospectus or any applicable supplement and has not been scrutinised or approved by the FCA.

This Prospectus has been approved by the FCA as a Prospectus for the purposes of Article 6 of the UK Prospectus Regulation and has been published in compliance with the UK Prospectus Regulation, the Prospectus Regulation Rules sourcebook of the FCA Handbook and the Listing Rules of the FCA Handbook for the purposes of giving information about the Issuer and the Notes. This Prospectus is not

a prospectus for the purposes of section 12(a) (2) or any other provision or order under the Securities Act.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date.

In connection with this new issue of the Notes as described in this Prospectus (the "Transaction") the Arranger and the Joint Lead Managers is acting exclusively for the Issuer and no one else. Accordingly, in connection with the Transaction, none of the Arranger or the Joint Lead Managers will be responsible to anyone other than the Issuer for providing the protections afforded to its clients or for the giving of advice in relation to the Transaction. The Arranger and the Joint Lead Managers will be paid a fee by the Issuer in respect of the placement of the securities.

**EU MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes in the European Economic Area ("EEA") has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "EU MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes in the UK has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of EUWA ("UK MiFIR"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation. 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.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of

the United Kingdom by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**RESTRICTIONS OF SALES TO U.S. PERSONS (AS DEFINED BY REGULATION S)** – The Notes have not been and will not be registered under the Securities Act or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

**RESTRICTIONS OF SALES TO U.S. PERSONS (AS DEFINED BY THE U.S. RISK RETENTION RULES)** – Except with the prior written consent of the Seller (a "**U.S. Risk Retention Consent**") and where such sale falls within the exemption provided by section 20 of the final rules promulgated under section 15g of the Securities Exchange Act of 1934, as amended (the "**U.S. Risk Retention Rules**"), the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any "U.S. Person" as defined in the U.S. Risk Retention Rules ("**Risk Retention U.S. Persons**"). Prospective investors should note that the definition of "U.S. Person" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of "U.S. Person" in Regulation S. Each purchaser of the Notes or a beneficial interest therein acquired in the initial syndication of the Notes, by its acquisition of the Notes or a beneficial interest therein will be deemed to have made certain representations and agreements, including that it (1) either (i) is not a Risk Retention U.S. Person or (ii) it has obtained a U.S. Risk Retention Consent from the Seller, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in section 20 of the U.S. Risk Retention Rules).

#### **IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF NOTES GENERALLY**

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, CCFS, the Note Trustee, the Security Trustee, the Arranger and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, CCFS, the Note Trustee, the Security Trustee, the Arranger or the Joint Lead Managers which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the

offer or sale of Notes in the United States and the EEA (including, for these purposes, the United Kingdom), see "*Subscription and Sale*".

## CERTAIN DEFINED TERMS AND CONVENTIONS

Capitalised terms which are used but not defined in any particular section of this Prospectus will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Prospectus. In addition, the following terms as used in this Prospectus have the meanings defined below:

In this Prospectus, all references to:

- "U.S. dollars", "U.S.\$" and "\$" refer to United States dollars;
- "Sterling", "pounds", "GBP" and "£" refer to pounds sterling;
- "euro" and "€" refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended; and
- "FCA" are to the United Kingdom Financial Conduct Authority and all references to the "PRA" are to the United Kingdom Prudential Regulation Authority, which together replaced the Financial Services Authority (the "FSA") pursuant to the provisions of the UK Financial Services Act 2012.

References to a "**billion**" are to a thousand million.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

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.

The information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the FCA.

## **FORWARD-LOOKING STATEMENTS**

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Loans, and reflect significant assumptions and subjective 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 Issuer, CCFS, the Note Trustee, the Security Trustee, the Arranger or the Joint Lead Managers have 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 Issuer, CCFS, the Note Trustee, the Security Trustee, the Arranger or the Joint Lead Managers assume 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.

## SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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



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## **RISK FACTORS**

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

Prospective Noteholders should also read the detailed information set out elsewhere in this document and reach their own views prior to making any investment decision.

### **1. RISKS RELATING TO THE AVAILABILITY OF FUNDS TO MAKE PAYMENTS ON THE NOTES**

#### **1.1 The Issuer has a limited set of resources to make payments on the Notes**

The Notes will not be obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Relevant Parties or by any person other than the Issuer.

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes and its operating and administrative expenses will be dependent solely on receipts from the Loans in the Portfolio, interest earned on the Issuer Accounts (other than amounts representing interest earned on any Swap Collateral), income from any Authorised Investments and the General Reserve Fund (applied in accordance with the terms of the Cash Management Agreement) and the net receipts under a swap agreement relating to the Swap Transaction between the Issuer and the Swap Provider (the "**Swap Agreement**"). Other than the foregoing, the Issuer is not expected to have any significant sources of funds available to it to meet its obligations under the Notes and/or any other payment obligation of the Issuer under the applicable Priority of Payments, including in respect of any increased margin applicable to the Collateralised Notes following the Optional Redemption Date.

If such funds are insufficient, following enforcement and realisation of the Security, the Noteholders, and the other Secured Creditors shall bear such insufficiency in accordance with the Post-Enforcement Priority of Payments and shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

Prospective investors should also be aware that following the exercise of the Call Option by the Seller, an amount equal to the Optional Purchase Price will be sufficient to redeem the Collateralised Notes only, and will not be sufficient to redeem the Class X Notes in full. Redemption of the Class X Notes in such a scenario will be subject to the availability of funds standing to the credit of the General Reserve Fund at such time.

Further, subject to certain limited exceptions, no Noteholder shall be entitled to (i) take any steps or proceedings (including any action in relation to a composition (judicial or otherwise) or lodge an appeal in any proceedings) to procure the winding up, administration or liquidation of the Issuer or (ii) take any other steps or action against the Issuer or the Charged Assets for the purpose of recovering any of the Secured Obligations (including by exercising any rights of set-off) or enforcing any rights arising out of the Transaction Documents against the Issuer or take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer or the Charged Assets.

## **1.2 The Notes will be limited recourse obligations of the Issuer**

The Notes will be limited recourse obligations of the Issuer. Other than the source of funds referred to in the foregoing paragraph, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes. Upon enforcement of the Security by the Security Trustee, if:

- (a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and
- (c) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of the Deed of Charge, amounts outstanding under the Notes (including payments of principal and interest),

then the Secured Creditors (which include the Noteholders) shall have no further claim against the Issuer or its directors, shareholders, officers or successors in respect of any amounts owing to them which remain unpaid (in the case of the Noteholders, principally payments of principal and interest in respect of the Notes) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be extinguished.

## **1.3 The yield to maturity on the Notes may be affected by, among other things, prepayments made by Borrowers on their Loans**

Based on assumed rates of prepayment, the approximate average lives and principal payment windows of each Class of Notes are set out in the section entitled "*Weighted Average Lives of the Notes*". However, the rate of prepayment of the Loans cannot be predicted and is influenced by a wide variety of economic and other factors, including prevailing interest rates, the buoyancy of the finance market, the availability of alternative financing and local and regional economic conditions. Because these and other relevant factors are not within the control of the Issuer, no assurance can be given as to the level of prepayments that the Portfolio will experience. Further, if the Seller is required to repurchase any Loans, the payment received by the Issuer will have the same effect as a prepayment in full of the relevant Loan.

Payments and prepayments of principal on the Loans and any proceeds of repurchased Loans will be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments (see "*Cashflows*" below). The rate of any prepayments will affect the yield to maturity on the Notes and their weighted average life.

The Issuer has the right to redeem the Notes on or after the Optional Redemption Date, which may limit the market value of the Notes concerned.

If the Call Option is exercised by the Seller, the Issuer will redeem the Collateralised Notes in full on or following the Optional Redemption Date, which is likely to limit the market value of the Notes. Following the Optional Redemption Date, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. See "*Early Redemption of the Collateralised Notes*" below for more information relating to the Call Option.

## 2. RISKS RELATING TO THE UNDERLYING ASSETS

### 2.1 Delinquencies or defaults by Borrowers in paying amounts due on their Loans

As noted above, the ability of the Issuer to meet its obligations to pay principal and interest on the Notes is dependent on receipts from the Loans in the Portfolio. As such, if Borrowers make payments on their Loans late, the Issuer may have insufficient funds on any Interest Payment Date to make payments of interest on the Floating Rate Notes. Further, if Borrowers fail to repay some or all of the interest and/or principal due on their Loans and the enforcement procedures fail to realise or recover sufficient funds to discharge all amounts due and owing by the relevant Borrower, the Issuer may have insufficient funds to make payments of interest and/or principal on the Notes. See also "*Information relating to the Regulation of Mortgages in the UK – Mortgage repossession*" below.

Borrowers may default on their Loans for a variety of reasons, including, without limitation:

- changes in the local, national or international macroeconomic climate, political developments and government policies. The economy of the UK and of each geographic region within the UK is dependent on a different mixture of industries and other factors. Any downturn in the local or national economy or a particular industry may adversely affect the regional or national employment levels and consequently the repayment ability of the Borrowers in that region or nationally or the region that relies most heavily on that industry. It is not possible to accurately predict the ultimate extent or duration of any such downturn or the impact it could have on the repayment ability of the Borrowers. See also the Risk Factor entitled "*The relationship of the United Kingdom with the EEA 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*". In addition, UK and global economic conditions may be severely adversely affected by acts of war or terrorism, in particular the increased geo-political tensions arising from Russia's invasion of Ukraine. As a consequence of Russia's actions, the EU, the UK and the U.S. have imposed sanctions on Russia and Belarus. An escalation in the conflict could result in new trade restrictions and further sanctions, disruption to supply chains and increased energy prices, leading to increased inflation. Such elevated instability could potentially adversely impact and/or increase volatility in the financial markets and cause a downturn in the global and UK economies;
- a deterioration in economic conditions in a particular area or region, which may adversely affect the regional employment levels and/or house prices and consequently the repayment ability of the Borrowers in that region. To the extent that specific geographic regions within the UK have experienced, or may experience in the future, weaker regional economic conditions (due to local, national and/or global macroeconomic factors) and weaker housing markets than other regions of the UK, a concentration of Loans in one region may be expected to exacerbate such risks. An overview of the geographical distribution of the Loans in the Provisional Portfolio is set out in the table entitled "*Geographical distribution*" in the section "*Characteristics of the Provisional Portfolio*";
- any natural disasters or widespread health crises, government policies in response to such crises or such potential crises (including, but not limited to, coronavirus disease 2019 ("**COVID-19**") (or any strain of the foregoing)) and/or the fear of any such crises in a particular region or nationwide may weaken economic conditions and reduce house prices, the ability to sell a property in a timely manner, and/or negatively impact the repayment ability of Borrowers within the United Kingdom;
- an increase in the prevailing market interest rate, which, for those Loans subject to a variable rate of interest, would increase a Borrower's monthly payments. Borrowers may seek to avoid any increased monthly payments by refinancing such Loans, as to which see the Risk Factors

entitled "*Macroeconomic and Market Risks*" and "*The relationship of the United Kingdom with the EEA 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*";

- changes to BBR and/or SONIA, which may, for those Loans subject to a variable interest rate, cause an increase in a Borrower's monthly payments. An increase in such reference rates or in relation to the rate of any prior ranking mortgage loan of the Borrower could result in higher monthly repayments, which, in turn, could reduce Borrowers' capacity to service their Loans. The Issuer could therefore be subject to a higher risk of default in payment by Borrowers over the course of the transaction, which may affect the ability of the Issuer to make payments on the Notes;
- a decline in property values due to, among other things, local, national and/or global macroeconomic factors;
- house price growth continuing to accelerate faster than earnings, which could stretch affordability and leave households more vulnerable to shocks, such as increases in interest rates that could ultimately lead to higher loan losses. There is potential for economic activity and real estate prices to decline should the labour market situation deteriorate, if strains in the financial system re-emerge and impair the flow of credit to the wider economy or other factors (including but not limited to COVID-19 or any strain of the foregoing) cause a deterioration in economic conditions. This risk is particularly relevant to interest-only mortgage loans;
- in respect of interest-only loans, the failure of a Borrower to sell the relevant property or refinance the loan at maturity;
- sustained increase in inflation, resulting in further increases to the cost of living for Borrowers. A sharp increase in energy prices and the overall rate of inflation, particularly since the Ukraine conflict, together with rising interest rates, could adversely impact the Borrowers' ability to repay the Loans and/or their ability to meet the affordability requirements of any replacement loan;
- a Borrower's individual, personal or financial circumstances, for example unemployment, loss of earnings (including as a consequence of strikes and industrial action), illness (including any illness arising in connection with an epidemic), divorce and other similar factors, including and in particular in relation to self-employed Borrowers experiencing more volatile earnings. If the timing and repayment of the Loans is adversely affected by any of the risks described herein, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes; and
- a lack of availability of buyers for a property and/or a decline in value of a property, which may affect 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.

In addition, CCFS provides specialist residential mortgages to owner-occupiers, secured against residential properties, including those unsupported by the high street banks. The rate of delinquencies and/or defaults may be higher in respect of such Borrowers.

Given the unpredictable effect that these factors may have on the local, national or global economy, no assurance can be given as to the impact of any such factors and, in particular, no assurance can be given that such factors would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes. These risks are mitigated to an extent by certain credit enhancement features and liquidity support, as described in the section entitled "*Credit Structure*". However, no assurance can

be given as to the effectiveness of such credit enhancement features or liquidity support or that Noteholders would be protected from all risk of loss and/or delayed payment.

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

Initially, legal title to the Loans and their Related Security in the Portfolio will be held by the Seller and the sale by the Seller to the Issuer of the Loans and their Related Security takes effect in equity only.

Legal title to the Loans and their Related Security in the Portfolio will remain with the Seller until a Perfection Event occurs, and this presents the following risks:

- a *bona fide* purchaser from the Seller for value of any of such Loans and their Related Security without notice of any of the interests of the Issuer might obtain a good title free of any such interest;
- the Issuer would not be able to enforce any Borrower's obligations under a Loan or Related Security itself but would have to join the Seller as a party to any legal proceedings. Prior to perfection of legal title, the Issuer will have power of attorney to act in the name of the Seller and the Seller will undertake that it will lend its name to, and take such other steps as may reasonably be required by the Issuer in relation to, any legal proceedings in respect of the relevant Loans and their Related Security;
- a Borrower may be entitled to exercise certain set-off rights, namely:
  - independent set-off, which may arise in connection with transactions that are unconnected with the relevant Borrower's Loans, for example claims by a Borrower for balances standing to the credit of savings and deposit accounts. In the event of the insolvency of the Seller, a Borrower may be able to set off any amounts held in the relevant deposit account against amounts owed by the Borrower pursuant to the Loan, although the majority of any deposits will be covered by the FSCS claims limit (as at the date of this Prospectus being £85,000) and as such the Seller will only be exposed to set-off risk over and above this limit with respect to Borrowers that are eligible for the FSCS. Any claim for independent set-off will crystallise (and no new rights of independent set-off could be asserted) upon receipt by the relevant Borrower of notice of the sale of the relevant Loan to the Issuer; and
  - equitable set-off rights, which may arise in connection with a transaction connected with a Loan. An equitable right of set-off could arise, for example, where the Seller has failed to make a Further Advance to the Borrower after having made a commitment to do so, where the Seller has agreed to Port a Loan or where the Seller is in breach of contract under the relevant Loan. The Seller will represent and warrant in the Mortgage Sale Agreement that the terms and conditions of the Loans do not require the Seller to agree to any Further Advance or any Port.

If any of the risks described above were to occur then the realisable value of the Portfolio and/or the ability of the Issuer to make payments under the Notes may be affected.

## **2.3 The value of the Related Security in respect of the Loans may be affected by, among other things, a decline in residential property values in the United Kingdom**

The value of the Related Security in respect of the Loans may be affected by, among other things, a decline in residential property values in the United Kingdom, downturns in the performance of the United Kingdom economy (due to local, national and/or global macroeconomic factors, the current cost of living crisis, industrial actions and strikes, the rising interest rate environment, higher inflation

and rising energy prices) generally, which may have a negative effect on the housing market. In addition, any natural disasters or widespread health crises (such as a pandemic or epidemic), government policies, action or inaction in response to such crises or such potential crises (including, but not limited to, COVID-19 (or any strain of the foregoing)) and/or the fear of any such crises, whether in the United Kingdom or in any other jurisdiction, may lead to a deterioration in economic conditions in the United Kingdom and also globally and may reduce the value of the affected Properties. If the residential property market in the United Kingdom experiences an overall decline in property values, such a decline could in certain circumstances result in the value of the Related Security being significantly reduced and, in the event that the Related Security is required to be enforced, may result in an adverse effect on payments on the Notes.

Borrowers may have insufficient equity in their properties to refinance their Loans with lenders other than CCFS and may (as a result of the circumstances described in "*Delinquencies or defaults by Borrowers in paying amounts due on their Loans*" or otherwise) have insufficient resources to pay amounts in respect of their loans as and when they fall due. This could lead to higher delinquency rates and to losses, which in turn may adversely affect payments on the Notes.

#### **2.4 Risk of Losses Associated with Interest-only Loans**

Each Loan in the Portfolio may be repayable either on a capital repayment basis or an interest-only basis. Where the Borrower is only required to pay interest during the term of the Loan, with the capital being repaid in a lump sum at the end of the term, it is generally recommended that Borrowers ensure that some repayment mechanism such as an investment policy is put in place to ensure that funds will be available to repay the capital at the end of the term. The Seller does not have and the Issuer shall not have the benefit of any investment policies taken out by Borrowers.

The ability of such Borrower to repay an Interest-only Loan at maturity will often depend on such Borrower's ability to refinance or sell the Property or to obtain funds from another source such as pension policies, personal equity plans ("**PEPs**"), new individual savings accounts ("**NISAs**") or endowment policies.

However, the only security that exists in relation to a Loan (including any Interest-only Loans) in the Portfolio will be the Mortgage covering the Property. The ability of a Borrower to refinance the Property will be affected by a number of factors, including the value of the Property, the Borrower's equity in the Property, the Borrower's age and employment status, the financial condition and payment history of the Borrower, tax laws, a rise in the prevailing interest rates and prevailing general economic conditions. In recent times, mortgage lenders have maintained stricter conditions to the advancing of interest-only loans (and other loans) which are mortgages. In addition, the recent, and any future, cost of living increases, (along with the other pressures discussed above under the section entitled "*The value of the Related Security in respect of the Loans may be affected by, among other things, a decline in residential property values in the United Kingdom*") could also adversely affect Borrowers' disposable income, particularly against a background of price rises for essential goods and services. 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. These combined pressures may affect the ability of Borrowers to refinance or sell their Property. The inability of the Borrowers to refinance their respective Properties may ultimately result in a reduction in the amounts available to the Issuer and adversely affect its ability to make payments under the Notes.

Borrowers of interest-only loans may not make payment of the premiums due on any relevant investment or life policy taken out in relation to repayment of the relevant interest-only mortgages in full or on time, which policies may therefore lapse, and/or no further benefits may accrue thereunder. In certain cases, the policy may be surrendered but not necessarily in return for a cash payment and any cash received by the Borrower may not be applied in paying amounts due under the Loan. Thus the ability of such a Borrower to repay an Interest-only Loan (as defined in "*The Loans – Repayment*

*Terms*" below) at maturity without resorting to the sale of the underlying property depends on such Borrower's responsibility to ensure that sufficient funds are available from a given source such as pension policies, PEPs, NISAs or endowment policies, as well as the financial condition of the Borrower, tax laws and general economic conditions at the time. If a Borrower cannot repay an Interest-only Loan and a loss occurs, this may affect repayments on the Notes if the resulting Principal Deficiency Ledger entry cannot be cured from Available Revenue Receipts being applied for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments.

Should a Borrower elect, subject to the consent of the Seller and the Servicer, to amend the terms of its Loan from an Interest-only Loan to a Repayment Loan, the relevant Loan would remain with the Issuer as part of the Portfolio, resulting in the Issuer and the Noteholders receiving redemption payments on the relevant Loan and the relevant Notes respectively earlier than would otherwise be the case.

## **2.5 Lending Criteria**

The Loans have been underwritten generally in accordance with the underwriting standards described in the section entitled "*The Loans – Lending Criteria*". Those underwriting standards consider, among other things, a Borrower's credit history, status and repayment ability as well as the value of the relevant Property and the value of the related rental stream.

While each Loan was originated by the Seller pursuant to underwriting standards that are no less stringent than those that the Seller applied at the time of origination to similar exposures that are not securitised, there can also be no assurance that these underwriting standards were applied in all cases or that Loans originated under different criteria have not been included in the Portfolio. These circumstances could negatively affect receipts on the Loans and ultimately adversely affect the Issuer's ability to make payment of interest and/or principal in respect of the Notes.

## **2.6 Geographic Concentration Risks**

Loans in the Mortgage Pool (the "**Mortgage Pool**") may also be subject to geographic concentration risks within certain regions of the United Kingdom. To the extent that specific geographic regions within the United Kingdom have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions in the United Kingdom, a concentration of the Loans in such a region may be expected to exacerbate the risks relating to the Loans described in this section. Certain geographic regions within the United Kingdom rely on different types of industries. Any downturn in a local economy or a particular industry may adversely affect regional employment levels and consequently the repayment ability of the Borrowers in that region or in the region that relies most heavily on that industry. The Issuer can predict neither when or where such regional economic declines may occur nor to what extent or for how long such conditions may continue. Any natural disasters in a particular region may reduce the value of affected Properties. This may result in a loss being incurred upon the sale of such Properties. These circumstances could affect receipts on the Loans and ultimately adversely affect payment of principal on the Notes. For an overview of the geographical distribution of the Loans in the Mortgage Pool, see "*Characteristics of the Provisional Portfolio*".

## **2.7 External Wall System – Fire Safety**

Following the Grenfell Tower tragedy in June 2017, the UK has introduced enhanced requirements for conducting fire-risk assessments on the external wall systems of certain residential buildings. Where these requirements apply to a Property, depending upon the circumstances, (a) they could result in the Borrower being liable for expenses to comply with the requirements (including, without limitation, removal and/or replacement of building cladding) and/or other requirements (including, without limitation, health and safety measures pending such compliance being effected) and, in turn,



such expenses could result in that Borrower defaulting under its related mortgage loan; and (b) they could adversely affect the value and marketability of the Property and/or the ability to rent out the Property.

The Building Safety Act 2022 (BSA 2022) increases the amount of time that Borrowers can seek compensation for substandard construction work from 6 to 15 years. Furthermore, the legislation applies retrospectively to properties built up to 30 years prior to these changes coming to effect (plus a one-year initial buffer for claims perilously close to the end of the 30-year retrospective limitation period). This could mean the Issuer is able to mitigate financial losses associated with the removal and/or replacement of building cladding of affected properties. However, there is no assurance that the negligent contractors will still be in existence or have the necessary funds to compensate for such substandard construction work. If any of these risks materialise they could have an adverse effect on the ability of the Issuer to pay interest and principal on the Notes.

## **2.8 Insurance Policies**

While the Mortgage Conditions require borrowers to have buildings insurance for the relevant property, it will be difficult in practice for the Servicer and/or the Issuer to determine whether the relevant Borrower has valid insurance in place at any time. The Seller will assign the benefit of its Properties in Possession Cover, Lender Interest Only Cover and Failure to Insure Cover on the Closing Date with legal assignment to be perfected upon occurrence of a Perfection Event in accordance with the terms of the Mortgage Sale Agreement, which will give the Issuer certain protection should the relevant Borrower not have any valid insurance in place (subject to an excess charge) only if a Perfection Event has taken place. However, no assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable buildings insurance contracts or contingent insurance contracts or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected Property. This could adversely affect the Issuer's ability to make payment of interest and/or principal in respect of the Notes.

## **2.9 Searches, Investigations and Warranties in Relation to the Loans**

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

Neither the Note Trustee, the Security Trustee, the Arranger, the Joint Lead Managers, the Issuer nor any other party has undertaken, or will undertake, any investigations, searches or other actions of any nature whatsoever in respect of any Loan or its Related Security in the Portfolio and each relies instead on the warranties given in the Mortgage Sale Agreement by the Seller. As such, the Loans may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the Related Security not being accepted as security for a Loan had such matters been revealed. The primary remedy of the Issuer against the Seller if any of the warranties made by the Seller is materially breached or proves to be materially untrue as at the Closing Date which breach is not remedied in accordance with the Mortgage Sale Agreement, will be to require the Seller to repurchase any relevant Loan and its Related Security in accordance with the repurchase provisions in the Mortgage Sale Agreement. However, there can be no assurance that the Seller will have the financial resources to honour such obligations under the Mortgage Sale Agreement. In each case, none of the Issuer, the Security Trustee or the Note Trustee will have recourse to any other person in the event that the Seller, for whatever reason, fails to meet such obligations. Furthermore, although the Seller and the Servicer have undertaken, pursuant to the Mortgage Sale Agreement and the Servicing Agreement, to notify the Issuer (and, if applicable, the Servicer) upon becoming aware of a material breach of any Loan Warranty, there shall be no obligation on the part of the Seller or the Servicer to monitor compliance of the Loans with the Loan Warranties

following the Closing Date. This may affect the quality of the Loans and their Related Security in the Portfolio and accordingly the ability of the Issuer to make payments due on the Notes.

### **3. RISKS RELATING TO THE STRUCTURE**

#### **3.1 Deferral of Interest Payments on the Notes**

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) that would otherwise be payable in respect of each Class of Notes (other than the Most Senior Class of Notes then outstanding), then the Issuer will be entitled under Condition 17 (*Subordination by Deferral*) 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 Conditions will not constitute an Event of Default. If the Issuer has not resumed interest payments on the Notes (other than the Most Senior Class of Notes then outstanding) by the Final Maturity Date, then all deferred interest and accrued interest thereon shall become due and payable.

Any deferral of interest payments will likely have an adverse effect on the market price of the relevant Class of Notes. In addition, as a result of the interest deferral provision of the Notes (other than the Most Senior Class of Notes then outstanding), the market price of those Notes may be more volatile than the market prices of other debt securities that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

#### **3.2 Subordination of the Class Z Notes and the Class X Notes**

The Issuer's obligations under:

- the Class Z Notes rank subordinate to the Class A Notes and certain other Secured Creditors; and
- the Class X Notes rank subordinate to the Class A Notes and the Class Z Notes and certain other Secured Creditors.

Prior to the service of an Enforcement Notice, the Class X Notes rank subordinate to all payments due in respect of items ranking senior thereto in the Pre-Enforcement Revenue Priority of Payments, as provided in the Conditions and the Transaction Documents.

In addition to the above, payments on the Notes are subordinate to payments of certain fees, costs and expenses payable to the other Secured Creditors and certain third parties. For further information on the likely costs payable to such Secured Creditors, please see "*Transaction Overview – Fees*" below.

Although junior Notes may pay a higher rate of interest than those ranking higher in the Priorities of Payment, there is an enhanced risk that an investor in such Notes will lose all or some of his investment should the Issuer become insolvent. Further, there is no assurance that these subordination provisions will protect the holders of the more senior classes of Notes (including the Most Senior Class of Notes) from all or any risk of loss.

### **4. RISKS RELATING TO CHANGES TO THE STRUCTURE AND DOCUMENTS**

#### **4.1 Meetings of Noteholders, Modification and Waivers**

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders (including

Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority). Other than in relation to a Basic Terms Modification, which additionally requires an Extraordinary Resolution of the holders of each affected Class or Classes of Notes then in issue, as applicable, an Extraordinary Resolution of a Class of Notes shall be binding on all other Classes of Notes which are subordinate to such Class of Notes in the Post-Enforcement Priority of Payments, irrespective of the effect upon them. No Extraordinary Resolution of any other Class of Noteholders shall take effect for any purpose while the Most Senior Class remains outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class, or the Note Trustee and/or Security Trustee (acting on the direction of the Note Trustee) is of the opinion it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

Notwithstanding the foregoing, any Extraordinary Resolution of the Class A Noteholders to direct the Note Trustee to give an Enforcement Notice pursuant to Condition 11 (*Events of Default*) shall only be capable of being passed at a single meeting of the Class A Noteholders.

Further, the conditions of the Notes also provide that the Note Trustee and/or the Security Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to modifications (other than a Basic Terms Modification) to any Transaction Document and authorise or waive any proposed or actual breach of any Transaction Document in certain circumstances. The Conditions also specify that certain categories of amendments (including changes to the 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 each affected Class or Classes of Notes then in issue, as applicable, which are affected by such Basic Terms Modifications.

Further, provided that less than 10 per cent. of the holders of the Most Senior Class of Notes then outstanding have objected to such proposed modifications, the Note Trustee and/or the Security Trustee shall concur with the Issuer, without the consent of Noteholders and without regard to the interests of particular Noteholders, in making any modifications for the purposes specified in Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*). See "*Terms and Conditions of the Notes – Condition 13 (Meetings of Noteholders, Modification, Waiver and Substitution)*" below.

There is no guarantee that any changes made to the Transaction Documents and/or the Conditions pursuant to the obligations imposed on the Note Trustee and the Security Trustee, as described above, would not be prejudicial to the Noteholders.

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

Upon the occurrence of an Event of Default, the Note Trustee in its absolute discretion may, and if so directed in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class outstanding shall (subject, in each case, to being indemnified and/or prefunded and/or secured to its satisfaction), give an Enforcement Notice to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued interest thereon as provided in a trust deed between the Issuer, the Security Trustee and the Note Trustee (the "**Trust Deed**").

Each of the Note Trustee and the Security Trustee may, at any time, at their discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes or the Trust Deed (including the Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) the other Transaction Documents to which it is a party 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*)) unless the Note Trustee should have been directed, or should have been directed to direct the Security Trustee, to do so by an Extraordinary Resolution of the holders of the Most Senior Class or directed in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class and the Security Trustee and the Note Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction.

See further "*Terms and Conditions of the Notes – Condition 12 (Enforcement)*" 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.

In relation to the covenant to be given by CCFS to the Issuer and the Security Trustee in the Mortgage Sale Agreement in accordance with (i) the UK Securitisation Regulation and (ii) (as a contractual matter only) the EU Securitisation Regulation regarding the material net economic interest to be retained by CCFS in the securitisation and as to certain requirements to provide investor information in connection therewith, neither the Note Trustee nor the Security Trustee will be under any obligation to monitor the compliance by CCFS with such covenant and will not be under any obligation to take any action in relation to non-compliance with such covenant (unless otherwise directed by the Secured Creditors (including the Noteholders) in accordance with the Transaction Documents).

## **5. COUNTERPARTY AND THIRD PARTY RISKS**

### **5.1 Ratings of the Class A Notes**

The ratings assigned to the Class A Notes by both Fitch and Moody's address, *inter alia* (a) the likelihood of full and timely payment to the holders of the Class A Notes and of all payments of interest on each Interest Payment Date and (b) the likelihood of ultimate payment to the Noteholders of principal in relation to the Class A Notes on or prior to the Final Maturity Date. The ratings assigned to the Class A Notes by Moody's also address, *inter alia*, the expected loss to a Noteholder in proportion to the Principal Amount Outstanding on the Closing Date of the Class A Notes held by such Noteholder on the Final Maturity Date.

The expected ratings of the Class A 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 including if, in its judgement, circumstances in the future so warrant (including a reduction in the perceived creditworthiness of third parties and a reduction in the credit rating of the Swap Provider and/or the Issuer Account Bank and/or the Custodian). See also "*Rating Agency confirmation in relation to the Class A Notes in respect of certain actions*" below.

At any time, any Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Class A Notes may be withdrawn, lowered or qualified. A qualification, downgrade or withdrawal of any of the ratings assigned to the Class A Notes may impact upon the value of the Class A Notes.

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

Notes. For the avoidance of doubt and unless the context otherwise requires, any reference to "**ratings**" or "**rating**" in this Prospectus is to the ratings assigned by the Rating Agencies only. Neither the Issuer nor any other person or entity will have any duty to notify you if any other rating agencies issue, or deliver notice of their intention to issue, unsolicited ratings on one or more Classes of the Notes after the Closing Date.

As highlighted above, the ratings assigned to the Class A Notes by each Rating Agency are based, among other things, on the terms of the Transaction Documents and other relevant structural features of the transaction, including (but not limited to) the short-term and/or long-term unsecured, unguaranteed and unsubordinated debt ratings or issuer default ratings of the Issuer Account Bank, the Custodian and the Swap Provider. 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 Class A Notes (if Class A Notes remain outstanding). If a replacement counterparty with the requisite ratings cannot be found, this is likely to have an adverse impact on the rating of the Class A Notes and, as a consequence, the resale price of the Class A Notes in the market and the prima facie eligibility of the Class A Notes for use in certain liquidity schemes established by, *inter alios*, the Bank of England.

## **5.2 Rating Agency confirmation in relation to the Class A 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 Class A Notes. In such circumstances, the Note Trustee or the Security Trustee may require the Issuer to seek confirmation from the Rating Agencies that this would be the case (such confirmation being a "**Rating Agency Confirmation**"). A Rating Agency Confirmation does not confirm that any proposed action or inaction (i) is permitted by the terms of the Transaction Documents or (ii) is in the best interests of, or not prejudicial to, the Noteholders. No actual or contingent liability is imposed or extended on the Rating Agencies to the Noteholders or other Secured Creditors by providing a Rating Agency Confirmation, nor does it create any legal relationship (by way of contract or otherwise) between the Rating Agencies, the Issuer and the Noteholders or other Secured Creditors. The Note Trustee and/or the Security Trustee 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.

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.

Where the Transaction Documents allow the Note Trustee or the Security 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 Rating Agency (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) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts, 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 each of the events in sub-paragraphs (i) (A) or (B) and (ii) has occurred, the Issuer having sent a written request to each Rating Agency.

If no such Rating Agency Confirmation is forthcoming within 30 days of such a request and two directors of the Issuer have certified the same in writing to the Security Trustee, the Cash Manager and the Note Trustee (an "**Issuer Certificate**"), upon which Issuer Certificate the Note Trustee and the Security Trustee shall be entitled to rely absolutely without liability to any person for so doing, the Note Trustee and the Security Trustee shall be entitled (but not obliged) to assume that such proposed action:

- (a) (while any of the Class A Notes remain outstanding) has been notified to the Rating Agencies;
- (b) would not adversely impact on the Issuer's ability to make payment when due in respect of the Class A Notes;
- (c) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security; and
- (d) (while any of the Class A Notes remain outstanding) the then current rating of the Class A Notes would not be reduced, qualified, adversely affected or withdrawn.

It is agreed and acknowledged by the Note Trustee and the Security Trustee that this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Security Trustee, the Note Trustee, the Noteholders or any other person or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders or any other person whether by way of contract or otherwise.

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 (while the Class A Notes remain outstanding) may subsequently downgrade, qualify or withdraw the then current ratings of the Class A Notes as a result of the action or step. Such a downgrade, qualification or withdrawal to the then current ratings of the Class A Notes may have an adverse effect on the value of the Class A Notes.

### **5.3 Credit ratings assigned to the Class A Notes may not reflect all the risks associated with an investment in the Class A Notes**

One or more independent credit rating agencies may assign credit ratings to the Class A Notes. The ratings may not reflect the potential impact of all risks relating to structure, market, additional factors discussed above, and other factors that may affect the value of the Class A Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

If the status of the rating agency rating the Class A Notes changes for the purposes of the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the UK and the Class A Notes may have a different regulatory treatment, which may impact the value of the Class A Notes and their liquidity in the secondary market.

### **5.4 Issuer reliance on other third parties**

The Issuer is party to contracts with a number of other third parties who have agreed to perform services in relation to the Issuer and/or Notes. In the event that any of the counterparties to the Transaction Documents were to fail to perform their obligations under the respective agreements to which they are a party (including any failure arising from circumstances beyond their control, such as epidemics, pandemics and natural disasters) and/or are removed or if such a party resigns without a sufficiently experienced substitute or any substitute being appointed in its place promptly thereafter,

collections on the Portfolio and/or payments to Noteholders may be disrupted and Noteholders may be adversely affected. A third party may be unable to perform its obligations under the agreements to which it is a party as a result of factors outside of its control, including disruptions due to technical difficulties and local, national and/or global macroeconomic factors (such as epidemics and pandemics (including COVID-19)) the ultimate extent, duration and impact of which cannot be accurately predicted.

In particular, the Issuer has appointed the Servicer to service the Loans and their Related Security. It should be noted that the aggregate liability of the Servicer in respect of any claim arising out of or in connection with the Servicing Agreement shall (subject to certain exceptions) be limited to £2,000,000 (two million pounds) for so long as the Servicer is appointed under the Servicing Agreement. If the Servicer is liable to the Issuer for any loss as a result of a claim relating to the Servicer's duties or obligations under the Servicing Agreement, any loss over and above the liability cap may be irrecoverable by the Issuer. This may result in less proceeds being available to meet the obligations of the Issuer in respect of the Notes.

Further, if a Servicer Termination Event occurs, there can be no assurance that a substitute servicer with sufficient experience of servicing the Loans and their Related Security would be found who would be willing and able to service the Loans and their Related Security on the terms, or substantially similar terms, set out in the Servicing Agreement. Any delay or inability to appoint a substitute servicer may affect payments on the Loans and hence the Issuer's ability to make payments when due on the Notes.

For further details on the arrangements with the Servicer, please see "*Summary of the Key Transaction Documents– Servicing Agreement*" below.

In the event of the insolvency of the Swap Provider, the Issuer will be treated as a general creditor of the Swap Provider. Consequently, the Issuer is subject to the credit risk of the Swap Provider. To mitigate this risk, under the terms of the Swap Agreement, in the event that the ratings of the Swap Provider fail to meet the relevant required ratings, the Swap Provider will, in accordance with the terms of the Swap Agreement, be required to elect to take certain remedial measures within the applicable time frame stipulated in the Swap Agreement (at the Swap Provider's own cost) which may include providing Collateral for its obligations under the Swap Transaction, arranging for its obligations under the Swap Transaction to be transferred to an entity with the relevant required ratings, procuring another entity with the relevant required ratings to become guarantor or co-obligor, as applicable, in respect of its obligations under the Swap Agreement or taking other action (which may include inaction) as may be necessary so that the rating of the Class A Notes, following such action or inaction, will be rated no lower than the Class A Notes would be rated but for such downgrade. However, no assurance can be given that, at the time that such actions are required, sufficient collateral will be available to the Swap Provider or that another entity with the relevant required ratings will be available to become a replacement swap provider or guarantor or co-obligor, as applicable.

## **5.5 Conflicts of interest**

Certain of the Relevant Parties and their respective affiliates are acting in a number of capacities in connection with the transaction described herein. Those Relevant Parties and any of their respective affiliates acting in such capacities will have only the duties and responsibilities expressly agreed by each such entity in the relevant capacity and will not, by reason of it or any of its affiliates acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided with respect to each such capacity. In no event shall such Transaction Parties or any of their respective affiliates be deemed to have any fiduciary obligations to any person by reason of their respective affiliates acting in any capacity.

In addition to the interests described in this Prospectus, the Arranger and the Joint Lead Managers and their respective related entities, associates, officers or employees (each a "**Joint Lead Manager Related Person**"):

- (a) may from time to time be a Noteholder and/or have other interests with respect to the Notes and they may also have interests relating to other arrangements with respect to a Noteholder or a Note;
- (b) may receive (and will not have to account to any person for) fees, brokerage and commission or other benefits and act as principal with respect to any dealing with respect to any Notes;
- (c) may purchase all or some of the Notes and resell them in individually negotiated transactions with varying terms; and
- (d) may be or have been involved in a broad range of transactions, including, without limitation, banking, lending, advisory, dealing in financial products, credit derivative and liquidity transactions, investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Issuer or any other Transaction Party or any related entity, both on its own account and for the account of other persons.

Prospective investors should be aware that:

- (i) each Joint Lead Manager Related Person in the course of its business (including in respect of interests described above) may act independently of any other Joint Lead Manager Related Person or Relevant Party;
- (ii) to the maximum extent permitted by applicable law, the duties of each Joint Lead Manager Related Person in respect of the Notes are limited to the relevant contractual obligations set out in the Transaction Documents (if any) and, in particular, no advisory or fiduciary duty is owed to any person. No Joint Lead Manager Related Person shall have any obligation to account to the Issuer, any Relevant Party or any Noteholder for any profit as a result of any other business that it may conduct with either the Issuer or any Relevant Party;
- (iii) a Joint Lead Manager Related Person may have or come into possession of information not contained in this Prospectus that may be relevant to any Noteholder or to any decision by a potential investor to acquire the Notes and which may or may not be publicly available to potential investors ("**Relevant Information**");
- (iv) to the maximum extent permitted by applicable law no Joint Lead Manager Related Person is under any obligation to disclose any Relevant Information to any other Joint Lead Manager Related Person, to any Relevant Party or to any potential investor and this Prospectus and any subsequent conduct by a Joint Lead Manager Related Person should not be construed as implying that such Joint Lead Manager Related Person is not in possession of such Relevant Information; and
- (v) each Joint Lead Manager Related Person may have various potential and actual conflicts of interest arising in the ordinary course of its business, including in respect of the interests described above. For example, a Joint Lead Manager Related Person's dealings with respect to a Note, the Issuer or a Relevant Party, may affect the value of a Note.

These interests may conflict with the interests of a Noteholder and the Noteholder may suffer loss as a result. To the maximum extent permitted by applicable law, a Joint Lead Manager Related Person is not restricted from entering into, performing or enforcing its rights in respect of the Transaction Documents, the Notes, or the interests described above and may otherwise continue or take steps to



further or protect any of those interests and its business even where to do so may be in conflict with the interests of the Noteholders and the Joint Lead Manager Related Persons and in so doing act in its own commercial interests and without notice to, and without regard to, the interests of any such person.

## **5.6 Interest rate risk**

The Loans in the Portfolio pay or will pay a fixed rate of interest for an initial period of time but the Floating Rate Notes pay a rate of interest based on Compounded Daily SONIA, and as such the Issuer is subject to the risk of a mismatch between the two.

To mitigate this risk, the Issuer will enter into an interest rate swap transaction with the Swap Provider under the Swap Agreement on the Closing Date (the "**Swap Transaction**") whereby the Issuer will pay to the Swap Provider an amount equal to the notional amount of the Swap Transaction multiplied by a fixed rate and the relevant day count fraction and the Swap Provider will pay to the Issuer an amount equal to the notional amount of the Swap Transaction multiplied by Compounded Daily SONIA (provided that, for the purposes of the Swap Agreement, Compounded Daily SONIA shall be calculated by the Swap Provider as calculation agent under the Swap Agreement) and the relevant day count fraction, although these two payments may be netted against each other.

However, it should be noted that:

- the Swap Provider may default on its obligations to make such payments to the Issuer, which would expose the Issuer to possible variances between the fixed rates payable on the Loans in the Portfolio and Compounded Daily SONIA;
- the notional amount of the Swap Transaction will reduce in line with a pre-agreed amortisation profile, which may be different to the actual rate at which the Loans in the Portfolio prepay. If the notional amount of the Swap Transaction is less than the Principal Amount Outstanding on the Notes, the Issuer would receive less from the Swap Provider than the interest due and payable on the Notes; and
- the fixed rate applicable to the amounts payable by the Issuer is not an exact match of interest rates that the Issuer receives in respect of the Fixed Rate Loans. As such, the amount payable by the Issuer under the relevant Swap Transaction may exceed the amount that the Issuer receives in respect of the Fixed Rate Loans,

which may result in insufficient funds being made available for the Issuer to make payments on the Notes.

Further, upon the occurrence of certain events, the Swap Transaction may be terminated and a termination payment by the Issuer or the Swap Provider may be payable. Any termination payment due by the Issuer (other than (where applicable) in respect of any Hedge Subordinated Amounts), to the extent such termination payment is not satisfied by amounts standing to the credit of any Swap Collateral Account which are available to meet such termination payment, will rank prior to payments in respect of the Notes and may lead to a shortfall in amounts available to make payments on the Notes.

## **5.7 Change of counterparties**

Any parties to the Transaction Documents who receive and hold monies or provide support to the transaction pursuant to the terms of such documents (such as the Issuer Account Bank, the Custodian and the Swap Provider) are required to satisfy certain criteria in order that they can continue to be a counterparty to the Issuer, including the requirement to hold certain ratings assigned by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, then the Issuer may be

required to replace that party with another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. 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 and principal on the Notes and/or lead to a downgrade in the ratings of the Class A Notes. In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may agree to amend or waive certain of the terms of such document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. The consent of Noteholders may not be required in relation to such amendments and/or waivers.

## **6. MACROECONOMIC AND MARKET RISKS**

### **6.1 Changes or uncertainty in respect of SONIA may affect the value, liquidity and payment of interest under the Floating Rate Notes**

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

Under Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**"), which came into force from 1 January 2018 in general, subject to certain transitional provisions, certain requirements apply with respect to the provision of a wide range of benchmarks (including SONIA), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the EU Benchmarks Regulation, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevents certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law in the United Kingdom 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).

Continuing benchmark reform and other pressures may cause such benchmarks to disappear entirely or to perform differently than 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.

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

- (a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including SONIA) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (b) while an amendment may be made under Condition 13.6 (*Additional Right of Modification*), to change the SONIA rate on the Floating Rate Notes to an alternative base rate under certain circumstances broadly related to SONIA disruption or discontinuation and subject to certain conditions, there can be no assurance that any such amendment will be made or, if made, that

it will (i) fully or effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the Floating Rate Notes or (ii) 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, and whether or not an amendment is made under Condition 13.6(f) (*Additional Right of Modification*) to change the SONIA rate on the Floating Rate Notes as described in paragraph (b) above, there can be no assurance that the applicable fall-back provisions under the Swap Agreement would operate so as to ensure that the base floating interest rate used to determine payments under the Swap Transaction is the same as that used to determine interest payments under the Floating Rate Notes, or that any such amendment made under Condition 13.6 (*Additional Right of Modification*) would allow the Swap Transaction to fully or effectively mitigate interest rate and currency risk on the Floating Rate Notes. This, in turn, could cause a risk of mismatch of interest and reduced payments on the Floating Rate Notes.

Investors should note the various circumstances under which a Base Rate Modification may be made, which are specified in Conditions 13.6(f) (*Additional Right of Modification*). As noted above, these events broadly relate to SONIA's disruption or discontinuation, but also include, *inter alia*, any public statements by the SONIA administrator or its supervisor to that effect, and a Base Rate Modification may also be made if the Servicer (on behalf of the Issuer) reasonably expects any of these events to occur within six months of the proposed effective date of such Base Rate Modification. A Base Rate Modification may also be made if an alternative means of calculating a SONIA-based base rate is introduced which becomes a standard means of calculating interest for similar transactions. Investors should also note the various options permitted as an Alternative Base Rate as set out in Condition 13.6(f) (*Additional Right of Modification*), which include, *inter alia*, a base rate utilised in a publicly-listed new issue of sterling-denominated asset-backed floating rate notes where the originator of the relevant assets is an affiliate of CCFS or such other base rate as the Servicer (on behalf of the Issuer) reasonably determines. Investors should also note the negative consent requirements in relation to a Base Rate Modification (as to which, see Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) below).

When implementing any Base Rate Modification, the Note Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person, and shall, subject to Condition 13.6 (*Additional Right of Modification*), act and rely solely and without further investigation on any certificate (including, but not limited to, a Base Rate Modification Certificate) or evidence (including, but not limited to, a Rating Agency Confirmation) provided to them by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Condition 13.6 (*Additional Right of Modification*) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.

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

## 6.2 The relationship of the United Kingdom with the EEA 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

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) have recently intensified. In particular, concerns have been raised with respect to current economic, monetary and political conditions in the UK and in the Eurozone which may impact the UK. If such concerns persist and/or the conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more states or institutions, or the UK, and/or any changes to, including any break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the UK housing market, the Issuer, one or more of the other parties to the transaction documents (including the Seller, the Servicer, the Issuer Account Bank and/or the Swap Provider) and/or any Borrower in respect of the underlying loans. Given the current uncertainty and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

The UK left the 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 ceased to apply to the UK. The UK is also no longer part of the 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 (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) and secondary legislation made under powers provided in these Acts ensure that there is a functioning statute book in the UK. While temporary transitional measures introduced by the UK, and in certain cases EU, regulators may be available in certain circumstances, there are no broadly applied arrangements between the UK and the EU that accommodate mutual recognition or equivalence for regulatory purposes and no assurances can be made that any such arrangements will be available in the UK and/or the EU in the future.

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, please refer to the risk factor entitled "*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 Issuer and the relevant Transaction Parties and 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.

It is also not possible to determine the precise impact that these matters will have on the business of the Issuer (including the performance of the underlying loans), any other party to the transaction documents and/or any borrower in respect of the underlying loans, or on the regulatory position of any such entity or of the transactions contemplated by the transaction documents under European Union regulations or more generally.

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.

### **6.3 Absence of secondary market or lack of liquidity in the secondary market may affect the market value of the Notes**

There is currently a limited secondary market for the Notes, and no assurance is provided that an active and liquid secondary market for the Notes will develop further. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Any investor in the Notes must be prepared to hold its Notes until the Final Maturity Date.

While central bank schemes such as, among others, the Bank of England's Sterling Monetary Framework, the Funding for Lending Scheme, the Term Funding Scheme or the European Central Bank's liquidity scheme provide an important source of liquidity in respect of eligible securities, further restrictions in respect of the relevant eligibility criteria for eligible collateral which apply and will apply in future are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities. Neither the Issuer nor the Seller gives any representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue or at any time prior to redemption in full, satisfy all or any of the requirements for such central bank schemes. Any potential investor in the Notes should make their own conclusions and seek their own advice with respect to whether or not the Notes constitute eligible collateral for such central bank 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 (see also "*The relationship of the United Kingdom with the EEA 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*").

### **6.4 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 SONIA as a reference rate in the capital markets and its adoption as an alternative to London Inter-Bank Offered Rate ("**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). As a result, the market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to Floating Rate Notes that reference a SONIA rate issued under this Prospectus. Interest on Floating Rate 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 the Floating Rate Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Floating Rate Notes.

## **7. LEGAL RISKS AND REGULATORY RISKS**

### **7.1 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. None of the

Issuer, the Joint Lead Managers, the Arranger or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of its investment on the Closing Date or at any time in the future.

Such regulatory initiatives could adversely impact the regulatory position of Noteholders and the market value and/or liquidity of the Notes in the secondary market.

Investors in the Notes are responsible for analysing their own regulatory position and should consult their own advisers in this respect.

## **7.2 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 subject to further reform.

Such reforms could adversely affect the regulatory treatment of the Notes and the market value and/or liquidity of the Notes in the secondary market.

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.

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

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

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

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

Following the UK's withdrawal from the EU at the end of 2020, the UK Securitisation Regulation applies in the UK and it largely mirrors (with some adjustments) the EU Securitisation Regulation as it applied in the EU at the end of 2020. However, the currently applicable UK regime will be revoked and replaced with a new recast regime as a result of the UK post-Brexit move to “A Smarter Regulatory Framework for financial services” (the "**UK SR Reforms**"). The new UK regime (the "**Recast UK SR**") is being introduced under the FSMA regime and related thereto (i) the Securitisation Regulations 2024 (SI 2024/102), as amended (the "**2024 UK SR SI**"); as well as (ii) the new securitisation rules of the PRA and FCA (the "**PRA Securitisation Rules**" and the "**FCA Securitisation Rules**", collectively, the "**PRA/FCA Securitisation Rules**"). It should be noted that the implementation of the UK SR Reforms is a protracted process. The first phase, which will revoke the existing regime and replace it with the Recast UK SR regime is expected to come into force on 1 November 2024. In Q4 2024/Q1 2025, there will be a phase two to the reforms whereby the UK government, the PRA and the FCA will consult on further changes including, but not limited to, the recast of the transparency and reporting requirements. Therefore, at this stage, not all of the details are known on the implementation of the UK SR Reforms. Note also that while the Recast UK SR will apply to new securitisations with the UK nexus closed after 1 November 2024 and investments made in relevant securitisation positions by UK institutional investors on or after that date. The Recast UK SR also has potential implications for securitisations in-scope of the UK Securitisation Regulation that closed prior to 1 November 2024. Please note that some divergence between the EU and UK regimes exists already. While the Recast UK SR regime brings some alignment with the EU regime, it also introduces new points of divergence and the risk of further divergence between EU and UK regimes cannot be ruled out in the longer term as it is not known at this stage how the ongoing reforms or any future reforms will be finalised and implemented in the UK or the EU.

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

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

Aspects of the requirements of the EU Securitisation Regulation and the UK Securitisation Regulation and the Recast UK SR and what is or will be required to demonstrate compliance to national regulators remain unclear. Prospective investors should therefore make themselves aware of the requirements (including any changes arising as a result of the reforms) applicable to them in their respective jurisdictions and are required to independently assess and determine the sufficiency of the information described in this Prospectus generally for the purposes of complying with such due diligence requirements, as applicable.

Various parties to the securitisation transaction described in this Prospectus (including the Issuer and the Seller) are 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. In the event that the Seller does not comply with its obligations under the UK Securitisation Regulation, it could face certain regulatory issues, including fines, which may impact on the Seller's ability to perform its functions under the Transaction Documents. Similarly, in the event that the Issuer does not comply with its obligations under the UK Securitisation Regulation, it could also face regulatory issues (including fines). Any fines imposed on the Issuer will rank ahead of amounts payable to Noteholders and may therefore adversely affect the ability of the Issuer to make payments under the Notes.

In addition, various parties to the securitisation transaction described in this Prospectus (including the Issuer and the Seller) have contractually elected and agreed to comply with certain requirements of the EU Securitisation Regulation relating to risk retention, transparency and reporting as such requirements are 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) and until such time as when a competent EU Authority has confirmed that the satisfaction of the corresponding UK requirements will also satisfy the requirements of the EU Securitisation Regulation due to the application of an equivalence regime or similar analogous concept.

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

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

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

#### **7.4 STS Securitisation and related risks**

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

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

It is intended that a UK STS Notification will be submitted to the FCA by CCFS, as originator. The UK STS Notification, once notified to the FCA, will be available for download on the FCA STS Register website. CCFS and the Issuer have used the services of PCS UK to carry out the UK STS Verification and to provide additional assessments with regard to the status of the Notes for the purposes of Article 243 and Article 270 of the UK CRR and Articles 7 and 13 of the UK LCR Regulation (the "**UK STS Additional Assessments**"). It is expected that the UK STS Verification and the UK STS Additional Assessments prepared by PCS UK will be available on its website at



(<https://pcsmarket.org/sts-verification-transactions/>). For the avoidance of doubt, the website of PCS UK and the contents of that website do not form part of this Prospectus.

However, no assurance can be given that the Notes will, on the Closing Date, be compliant and thereafter remain compliant, because the UK STS Requirements may change over time. In addition, no assurance can be given on how the FCA will interpret and apply the UK STS Requirements or other related regulations such as the Regulation (EU) No. 575/2013 as it forms part of domestic law of the United Kingdom by virtue of EUWA ("**UK CRR**") as amended by Regulation (EU) 2017/2401 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK CRR Amendment Regulation**") and the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 (supplementing Regulation (EU) 575/2013 with regard to the Liquidity Coverage Requirement for Credit Institutions, as amended) as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK LCR Regulation**"), and what is or will be required to demonstrate compliance to national regulators remains unclear, any international or national regulatory guidance may be subject to change and, therefore, what is or will be required to demonstrate compliance with the UK STS Requirements to national regulators remains unclear.

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

It is important to note that the involvement of PCS UK is not mandatory and the responsibility for compliance with the UK Securitisation Regulation (or, if applicable, the EU Securitisation Regulation) remains with the relevant institutional investors, originators, sponsors and issuers, as applicable in each case. A UK STS Verification (and/or UK STS Additional Assessments) will not absolve such entities from making their own assessments with respect to the UK Securitisation Regulation (or, if applicable the EU Securitisation Regulation) and other relevant regulatory provisions, and a UK STS Verification (and/or UK STS Additional Assessments) cannot be relied on to determine compliance with the foregoing regulations in the absence of such assessments by the relevant entities. Furthermore, a UK STS Verification is not an opinion on the creditworthiness of the relevant Notes nor on the level of risk associated with an investment in the relevant Notes. It is not an indication of the suitability of the relevant Notes for any investor and/or a recommendation to buy, sell or hold Notes. Institutional investors that are subject to the due diligence requirements of the UK Securitisation Regulation need to make their own independent assessment and may not solely rely on a UK STS Verification, the UK STS Notification or other disclosed information.

Neither the Arranger, the Joint Lead Managers nor the Note Trustee has or shall have any liability to any prospective investor or any other person for any insufficiency of such information or any non-compliance by any such person with the due diligence and retention rules set out in Article 5 (*Due-diligence requirements for institutional investors*) and Article 6 (*Risk retention*) of the UK Securitisation Regulation or any other applicable legal, regulatory or other requirements, or has any obligation to provide any further information or take any other steps that may be required by any institutional investor to enable compliance by such person with the requirements of any due diligence and investor requirement or any other applicable legal, regulatory or other requirements.

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

## 7.5 Change of Law

The transactions described in this Prospectus and the ratings which are to be assigned to the Notes are based on the relevant law and administrative practice in effect as at the date of this Prospectus and have 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) and practice or tax treatment after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes. In addition, it should be noted that regulatory requirements (including any applicable retention, due diligence or disclosure obligations) may be recast or amended and there can be no assurance that any such changes will not adversely affect the compliance position of a transaction described in this Prospectus or of any party under any applicable law or regulation.

A change in law or regulatory requirements could affect the compliance position of the transaction as described in this Prospectus or of any party under any applicable law or regulation and/or could affect the ability of the Issuer to make payments under the Notes.

## 7.6 Risks relating to the Banking Act 2009

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

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

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

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

to operate the transferred business effectively; and (iii) in connection with the modification of an unsecured liability through use of the bail-in tool, the discharge of a relevant entity from further performance of its obligations under a contract. In addition, subject to certain conditions, powers would apply to require a relevant instrument or order (and related events) to be disregarded in determining whether certain widely defined "default events" have occurred (which events may include trigger events included in the Transaction Documents in respect of the relevant entity, including termination events and (in the case of the Seller) trigger events in respect of perfection of legal title to the Loans). As a result, the making of an instrument or order in respect of a relevant entity as described above may affect the ability of the Issuer to meet its obligations in respect of the Notes.

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

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

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

## **7.7 Security and insolvency considerations**

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see "*Summary of the Key Transaction Documents – Deed of Charge*"). If certain insolvency proceedings (including administrations or liquidations) are commenced or certain pre-insolvency events occur 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 ("**CIGA**") 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 (the so-called cross-class cram-down procedure), subject to certain conditions being met and with a court adjudicating on the

fairness of the restructuring proposal as a whole in determining whether or not to exercise its discretionary power to sanction the Restructuring Plan. While the Issuer is expected to be exempt from the application of the new moratorium regime and the ban on *ipso facto* clauses, there is no guidance on how the new legislation will be interpreted and the Secretary of State may by regulations modify the exceptions. For the purposes of the Restructuring Plan, it should also be noted that there are currently no exemptions, but the Secretary of State may by regulations provide for exclusion of certain companies providing financial services and the UK government has expressly provided for changes to the Restructuring Plan to be effected through secondary legislation, particularly in relation to the cross-class cram-down procedure. It is therefore possible that aspects of the legislation may change. While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent and/or subject to pre-insolvency restructuring proceedings, no assurance can be given that any modification of the exceptions from the application of the new insolvency reforms referred to above will not be detrimental to the interests of the Noteholders and there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency or pre-insolvency restructuring proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws or the laws affecting the creditors' rights generally).

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

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

## **7.8 Insolvency proceedings and subordination provisions**

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "**flip clauses**"). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of Hedge Subordinated Amounts.

The Supreme Court of the United Kingdom has held that a flip clause as described above is valid under English law. Contrary to this, however, in parallel proceedings, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. However, a subsequent 2016 U.S. Bankruptcy Court decision held that, in certain circumstances, flip clauses are protected under the U.S. Bankruptcy Code and are therefore enforceable in bankruptcy. The 2016 decision was affirmed on 14 March 2018 by the U.S.

District Court for the Southern District of New York, which 2018 decision was further affirmed on 11 August 2020 by the U.S. Court of Appeals for the Second Circuit. The implications of this conflict remain unresolved.

If a creditor of the Issuer (such as the Swap Provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the U.S.), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law-governed Transaction Documents (such as a provision of the applicable Priority of Payments which refers to the ranking of the Swap Provider's payment rights in respect of Hedge Subordinated Amounts). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to the Swap Provider given that it has assets and/or operations in the U.S., notwithstanding that it is a non-U.S.-established entity and/or with respect to any replacement counterparty, depending on certain matters in respect of that entity.

In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of Hedge Subordinated Amounts, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to the Notes is lowered, the market value of the Notes may reduce.

## **7.9 Liquidation expenses**

Prior to the House of Lords' decision in the case of *Re Leyland Daf* [2004] UKHL 9 ("*Re Leyland Daf*"), the general position was that, in a liquidation of a company, the liquidation expenses ranked ahead of unsecured debts and floating chargees' claims. *Re Leyland Daf* reversed this position so that liquidation expenses could no longer be recouped out of assets subject to a floating charge. However, section 176ZA of the Insolvency Act 1986, which came into force on 6 April 2008, effectively reversed by statute the House of Lords' decision in *Re Leyland Daf*. As a result, costs and expenses of liquidation 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 the approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to rules 4.218A to 4.218E of the Insolvency Rules 1986. In general, the reversal of *Re Leyland Daf* applies in respect of all liquidations commenced on or after 6 April 2008.

Therefore, floating charge realisations upon the enforcement of the floating charge security to be granted by the Issuer which would otherwise have been available to the Secured Creditors would be reduced by the amount of all, or a significant proportion of, any liquidation expenses which could have an adverse effect on the ability of the Issuer to make payments in respect of the Notes.

## **7.10 Fixed charges may take effect under English law as floating charges**

The law in England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment) may take effect under English law as floating charges only, if, for example, it is determined that the Security Trustee does

not exert sufficient control over the Charged Assets. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets.

The interest of the Secured Creditors in property and assets over which there is a floating charge will rank behind the expenses of any administration or liquidator and the claims of certain preferential creditors on enforcement of the Security. Section 250 of the Enterprise Act 2002 abolishes Crown Preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge) but section 176A of the Insolvency Act 1986 requires a "prescribed part" (up to a maximum amount of £600,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors. Pursuant to the terms of the Deed of Charge, the Issuer has purported to grant fixed charges in favour of the Security Trustee over, among other things, its interests in the Loans and their respective Related Security, the Issuer's interest in its bank accounts maintained with the Issuer Account Bank and the Custodian, and the Issuer's interest in all Authorised Investments purchased from time to time.

#### **7.11 Limited Secondary Market for Loans**

The ability of the Issuer to redeem all of the Notes in full, including following the occurrence of an Event of Default (as defined in the Conditions) in relation to the Notes while any of the Loans are still outstanding, may depend upon whether the Loans can be realised to obtain an amount sufficient to redeem the Notes. There is not, at present, an active and liquid secondary market for mortgage loans of this type in the United Kingdom. None of the Notes have been, or will be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set forth under "*Subscription and Sale*" and "*Transfer Restrictions and Investor Representations*". There can be no assurance that a secondary market for the Loans will develop or, if a secondary market does develop, that it will provide sufficient liquidity of investment for the Loans to be realised or that if it does develop it will continue for the life of the Notes. The Issuer and, following the occurrence of an Event of Default, the Security Trustee may not, therefore, be able to sell the Loans for an amount sufficient to discharge amounts due to the Secured Creditors (including the Noteholders) in full should they be required to do so, which would adversely affect payments on the Notes.

#### **7.12 European Market Infrastructure Regulation**

The European Market Infrastructure Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**UK EMIR**") came into force on 1 January 2021. UK EMIR and EU EMIR (each as amended from time to time) prescribe a number of regulatory requirements for parties to "over the counter" ("**OTC**") derivative contracts including: (i) a mandatory clearing obligation for certain classes of OTC derivatives contracts (the "**Clearing Obligation**"); (ii) a margin posting obligation for OTC derivatives contracts not subject to clearing (the "**Collateral Obligation**"); (iii) other risk-mitigation techniques for OTC derivatives contracts not cleared by a central counterparty; and (iv) certain reporting (the "**Reporting Obligation**") and record-keeping requirements.

Under UK EMIR and EU EMIR, counterparties can be classified as: (i) financial counterparties ("**FCs**") (which includes a sub-category of small FCs); and (ii) non-financial counterparties. The latter classification is further split into: (i) non-financial counterparties whose positions, together with the

positions of all other non-financial counterparties in its "group" (as defined in UK EMIR and/ or EU EMIR), in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold ("NFC+"); and (ii) non-financial counterparties below the clearing threshold ("NFC-"). Whereas FCs and NFC+ entities may be subject to the relevant Clearing Obligation or, to the extent that the relevant swaps are not subject to clearing, to the relevant Collateral Obligation, such obligations do not apply in respect of NFC- entities. In addition, in respect of the Reporting Obligation, UK FCs are solely responsible and legally liable for reporting the details of OTC derivative contracts concluded with NFC-s for the purpose of UK EMIR on behalf of both counterparties as well as for ensuring the correctness of the reported details (known as "mandatory reporting"). Note that the calculation of the UK EMIR clearing threshold (together with other aspects of UK EMIR) may be impacted in due course by reforms although the scope of the UK EMIR reforms is yet to be confirmed.

On the basis that the Issuer currently has the counterparty status of NFC- for the purposes of UK EMIR and a third country equivalent to an NFC- (a "TCE NFC-") for the purposes of EU EMIR, neither the Clearing Obligation nor the Collateral Obligation should apply to it. If the Issuer's counterparty status as an NFC- changes to an NFC+ or FC for the purposes of UK EMIR and/or to a third country equivalent to a FC or NFC+ (a "TCE FC" or a "TCE NFC+", respectively) for the purposes of EU EMIR then certain OTC derivatives contracts that are entered into by the Issuer may become subject to the relevant Clearing Obligation or the relevant Collateral Obligation. In this regard, it should be noted that it is not clear that the Swap Agreement would be a relevant type of OTC derivative contract that would be subject to the relevant Clearing Obligation under the implementing measures made to date. Certain other of the Risk Mitigation Requirements may also apply in a different way (for example, the portfolio reconciliation requirement may increase in frequency). In respect of the Reporting Obligation, "mandatory reporting" would also cease to apply which means that Issuer would be legally liable and responsible for their own reporting obligations under UK EMIR (although this requirement can be delegated).

Notwithstanding the qualifications on application described above, the position of the Swap Agreement under each of the Clearing Obligation, Collateral Obligation, the daily valuation obligation and Reporting Obligation is not entirely clear and may be affected by further measures, regulatory guidance and/or by any inability to rely on an exemption for any reason. If the classification of the Issuer changes and the Swap Agreement is regarded to be in-scope, then the Swap Agreement may become subject to the relevant Clearing Obligation or (more likely) to the relevant Collateral Obligation. Prospective investors should note that there is some uncertainty with respect to the ability of the Issuer to comply with these obligations if applicable, which may: (i) lead to regulatory sanctions; (ii) adversely affect the ability of the Issuer to continue to be party to the Swap Agreement (possibly resulting in a restructuring or termination of the Swap Transaction); and/or (iii) significantly increase the cost of such arrangements, thereby negatively affecting the ability of the Issuer to hedge certain risks. As a result, the amounts available to the Issuer to meet its obligations may be reduced, which may in turn result in investors receiving less interest or principal than expected.

The Issuer will be required to continually comply with UK EMIR while it is party to any interest rate swaps, including any additional provisions or technical standards which may come into force after the Closing Date, and this may necessitate amendments to the Transaction Documents. Subject to receipt by the Note Trustee and the Security Trustee of a certificate from: (i) the Issuer signed by two directors; or (ii) the Servicer on behalf of the Issuer, in each case, certifying to the Note Trustee and the Security Trustee that the amendments requested by the Issuer are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under UK EMIR and/or EU EMIR, the Note Trustee with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents shall, without the consent or sanction of the Noteholders or any of the other Secured Creditors, agree to (or direct the Security Trustee to agree to) any modification to the Transaction Documents and/or the 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 to comply with any requirements which apply

to it under UK EMIR and/or EU EMIR (as the case may be). The Conditions of the Notes require this to be done irrespective of whether such modifications are: (i) materially prejudicial to the interests of the Noteholders of any Class of Notes or any other Secured Creditor; or (ii) in respect of a Basic Terms Modification. Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification if it would have the effect of exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or increasing the obligations or duties, or decreasing rights or the protections of the Note Trustee and/or the Security Trustee in the Transaction Documents and/or the Conditions of the Notes.

In respect of any modifications to any of the Transaction Documents which would have the effect of altering the amount, timing or priority of any payments due from the Issuer to the Swap Provider: (i) the prior written consent of the Swap Provider; or (ii) written notification from the Issuer to the Note Trustee and the Security Trustee that Swap Provider consent is not needed, is also required prior to such amendments being made.

In respect of UK EMIR, it should be noted that, given the intention to seek the UK STS designation for the Notes, should the status of the Issuer change to an NFC+ or FC, another exemption from the Clearing Obligation and a partial exemption from the collateral exchange obligation may be available for the Swap Transaction, provided the applicable conditions are satisfied. In respect of EU EMIR, the Notes (given they will not obtain EU STS designation) will not be able to benefit from the equivalent exemption under EU EMIR should the status of the Issuer change to TCE NFC+ or TCE FC.

### **7.13 Effects of the Volcker Rule on the Issuer**

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (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 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. Section 619 of the Dodd-Frank Act 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" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from: (i) engaging in proprietary trading; (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund"; and (iii) entering into certain relationships with a "covered fund", subject to certain exceptions and exclusions.

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

### **7.14 U.S. Risk Retention Requirements**

Section 941 of the Dodd-Frank Act amended the Exchange Act to generally require the "securitizer" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for the purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The U.S. Risk Retention Rules came into effect on 24 December 2016 with respect to all classes of asset-backed securitizations. The U.S. Risk Retention Rules provide that the securitizer of an asset-backed securitization is its sponsor. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.



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

The Portfolio will comprise mortgage loans and their related security, all of which are originated by the Seller, each being a company incorporated in England. See the section entitled "*The Seller and the Servicer*".

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

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

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States<sup>[1]</sup>;
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organisation or entity if:

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

- (i) organised or incorporated under the laws of any foreign jurisdiction; and
- (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act<sup>[2]</sup>.

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

There can be no assurance that the requirement to request the Seller to give its prior written consent to any Notes which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person will be complied with or will be made by such Risk Retention U.S. Persons.

There can be no assurance that the exemption provided for in section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to whether a failure by the Seller to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes or the market value of the Notes. Furthermore, the impact of the U.S. Risk Retention Rules on the securitization market generally is uncertain, and a failure by the Seller to comply with the U.S. Risk Retention Rules could therefore negatively affect the market value and secondary market liquidity of the Notes.

None of the Arranger, the Joint Lead Managers or any of its affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Closing Date or at any time in the future. Investors should consult their own advisers as to the U.S. Risk Retention Rules.

## **7.15 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 CCFS. 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 "*Information relating to the Regulation of Mortgages in the UK*" 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 (including changes in regulators' responsibilities) as it relates to the Portfolio will not have a material adverse effect on the Loans, which may adversely affect the Issuer's ability to

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

make payments in full when due on the Notes. 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 "*Information relating to the Regulation of Mortgages in the UK – Potential effects of any additional regulatory changes*" 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 "*Information relating to the Regulation of Mortgages in the UK – Distance Marketing*" below.

*UTCCR and Consumer Rights Act.* The UTCCR and the Consumer Rights Act 2015 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 Consumer Rights Act 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 Consumer Rights Act 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 Consumer Rights Act, 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 CCFs and/or the Issuer and their respective businesses and operations. No assurance can be given that any such changes in guidance on the UTCCR or the Consumer Rights Act, or reform of the UTCCR or the Consumer Rights Act, 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 Consumer Rights Act is included in the section headed "*Information relating to the Regulation of Mortgages in the UK – Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and the Consumer Rights Act 2015*" below.

*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 "*Information relating to the Regulation of Mortgages in the UK – Consumer Protection from Unfair Trading Regulations 2008*" below.

*Financial Ombudsman Service.* Under the FSMA, the Ombudsman is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction. 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 "*Information relating to the Regulation of Mortgages in the UK – Financial Ombudsman Service*" below.

*Mortgage repossessions.* The protocols for mortgage repossession may have adverse effects in relation to the ability of CCFs 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 "*Information relating to the Regulation of Mortgages in the UK – Mortgage repossession*" below.

*FCA response to the cost of living crisis.* On 16 June 2022, the FCA sent a "Dear CEO" letter which stated that the FCA consider that the Mortgages Tailored Support Guidance published on 25 March 2021 (the "**Mortgages Tailored Support Guidance**") which was issued to address exceptional circumstances arising out of the COVID-19, is also relevant for borrowers in financial difficulties due to other circumstances such as the rising cost of living. Therefore, if a borrower indicates that they are experiencing or reasonably expect to experience payment difficulties due to the rising cost of living, the FCA have said that lenders should offer prospective forbearance to enable them to avoid, reduce, or manage any payment shortfall that would otherwise arise. This includes borrowers who have not yet missed a payment. If the Issuer is required to offer prospective forbearance to a significant proportion of Mortgage Loans in the Portfolio it may adversely affect the ability of the Issuer to make payments on the Notes when due. On 10 April 2024, the FCA published PS24/2: Strengthening protections for borrowers in financial difficulty: Consumer credit and mortgages and the related Consumer Credit and Mortgages (Tailored Support) Instrument 2024 (FCA 2024/7). It also published FG24/2: Guidance for firms supporting existing mortgage borrowers impacted by rising living costs. The FCA have stated that they want to build on the Tailored Support Guidance and provide a stronger framework for lenders to protect customers facing payment difficulties, they are doing this by incorporating relevant aspects of the Tailored Support Guidance into their Handbook, as well as introducing further targeted changes. The new rules will come into force on 4 November 2024 and the Tailored Support Guidance will be withdrawn at that time. There can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Mortgage Loans, including further amending and extending the scope of the above guidance. Further detail is included in the section headed "*Information relating to the Regulation of Mortgages in the UK – FCA response to the cost of living crisis*" below.

*Mortgage Charter.* On 26 June 2023, HM Treasury published the 'Mortgage Charter' in light of the current pressures on households following interest rate rises and the cost-of-living crisis. The Mortgage Charter states that the UK's largest mortgage lenders and the FCA have agreed with the Chancellor a set of standards that they will adopt when helping their regulated mortgage borrowers worried about high interest rates (the "**Mortgage Charter**"). OSB GROUP PLC, trading as Precise Mortgages and Kent Reliance (OSB GROUP PLC being the ultimate parent of CCFS) is a signatory to the Mortgage Charter and has agreed that, among other things, a borrower will not be forced to leave their home without their consent, unless in exceptional circumstances, in less than a year from their first missed payment. In addition, lenders will permit borrowers who are up to date with their payments to: (i) switch to interest-only payments for six months (the "**MC Interest-Only Agreement**"); or (ii) extend their mortgage term to reduce their monthly payments and give borrowers the option to revert to their original term within six months by contacting their lender (the "**MC Extension Agreement**"). These options can be taken by borrowers who are up to date with their payments without a new affordability check or affecting their credit score. The Mortgage Charter commitments only applies to owner-occupied mortgage loans. This may adversely affect the ability of the Issuer to make payments when due on the Notes. Further detail in relation to the Mortgage Charter is included in the section headed "*Information relating to the Regulation of Mortgages in the UK - Mortgage Charter*" below.

*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. Further detail is included in the section headed "*Information relating to the Regulation of Mortgages in the UK – Assured Shorthold Tenancy (AST)*" below.

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

*Breathing Space Regulations.* The Breathing Space Regulations established a scheme which gives eligible individuals in England and Wales the ability to apply for a breathing space or mental health crisis moratorium during which creditors may not demand payment of interest or fees that accrue, or enforce a debt owed by the applicant. The Breathing Space Regulations do not apply to mortgages, except for arrears which are uncapitalised at the date of the application for breathing space under the Breathing Space Regulations. There is a risk that delays in the initiation of enforcement action in respect of the Loans as a result of the Breathing Space Regulations in England and Wales 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 "*Information relating to the Regulation of Mortgages in the UK – Breathing Space Regulations*" below.

## **8. TAX RISKS**

### **8.1 UK Taxation treatment of the Issuer**

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (as introduced by the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended) (the "**Securitisation Tax Regulations**")), and, as such, should be taxed only on the amount of its "retained profit" (as that term is defined in the Securitisation Tax Regulations), for so long as it satisfies the conditions of the Securitisation Tax Regulations. However, if the Issuer does not satisfy the conditions of the Securitisation Tax Regulations (or subsequently ceases to satisfy those conditions), then the Issuer may be subject to tax liabilities not contemplated in the cashflows 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 may result in investors receiving less interest and/or principal than expected.

### **8.2 Withholding tax under the Notes**

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 "**Act**") for the purposes of section 987 of the Act, as at the date of this Prospectus no withholding or deduction for account of United Kingdom income tax will be required on payments of interest of 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 is obliged to gross up or otherwise compensate the Noteholders for such withholding or deduction. However, in such circumstances, the Issuer will, in accordance with Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or*

*Other Reasons*) of the Notes, be required (subject to certain conditions) to 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 or, if such action would not avoid such withholding or deduction, the Seller would be entitled to exercise the Call Option, following which the Issuer will redeem the Notes.

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 "*Taxation – United Kingdom Taxation*" below.

## **9. RISKS RELATING TO THE CHARACTERISTICS OF THE NOTES**

### **9.1 Registered Definitive Notes and denominations in integral multiples**

The Notes have a denomination consisting of a minimum authorised denomination of £100,000 plus higher integral multiples of £1,000. 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 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 their 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 particularly illiquid and difficult to trade.

### **9.2 Book-Entry Interests**

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

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

Except as noted in the previous paragraphs, payments of principal and interest on, and other amounts due in respect of, the Global Note will be made by the Principal Paying Agent to a nominee of the Common Safekeeper. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. The Issuer expects that payments by participants or indirect participants to owners of Book-Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of

customers registered under a "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Note Trustee, the Security Trustee, any Paying Agent 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, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by or on behalf of the Issuer for consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Registered Definitive Notes are issued in accordance with the relevant provisions described herein under "*Terms and Conditions of the Notes*" below. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

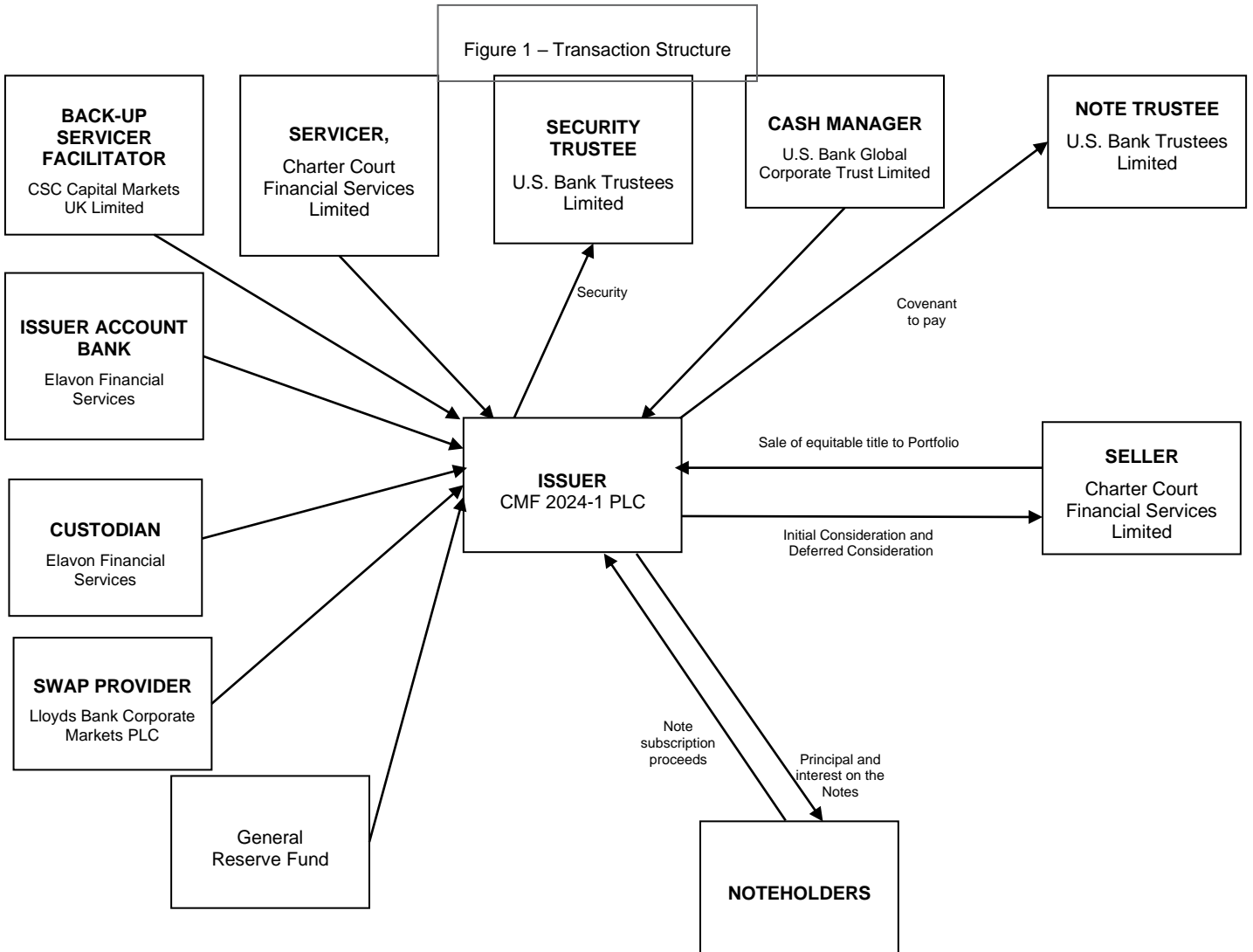
Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued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

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

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

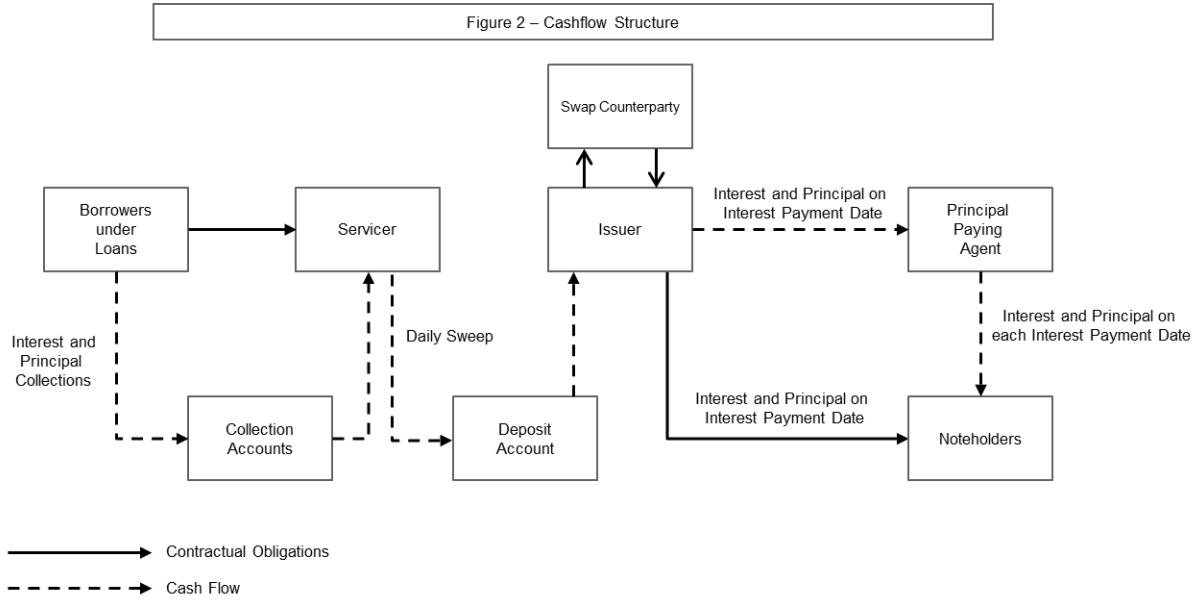
## STRUCTURE DIAGRAMS

### DIAGRAMMATIC OVERVIEW OF THE TRANSACTION





## DIAGRAMMATIC OVERVIEW OF ONGOING CASHFLOWS



The Issuer will purchase the Portfolio on the Closing Date.

## OWNERSHIP STRUCTURE DIAGRAM OF THE ISSUER

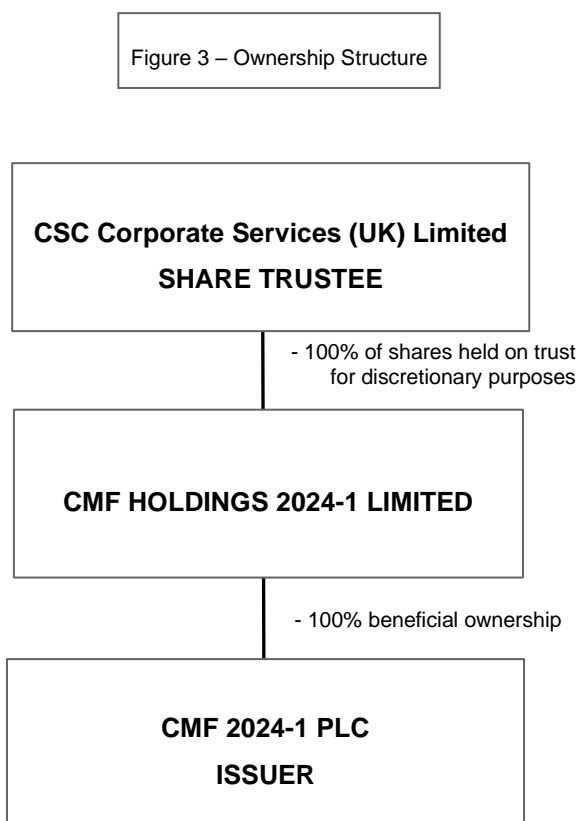


Figure 3 illustrates the ownership structure of the special purpose companies that are parties to the Transaction Documents, as follows:

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

## **TRANSACTION OVERVIEW**

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

## TRANSACTION OVERVIEW – TRANSACTION PARTIES ON THE CLOSING DATE

Party	Name	Address	Document under which appointed/Further Information
<b>"Issuer"</b>	CMF 2024-1 PLC	10th Floor, 5 Churchill Place, London E14 5HU	See the section entitled <i>"The Issuer"</i> for further information.
<b>"Holdings"</b>	CMF Holdings 2024-1 Limited	10th Floor, 5 Churchill Place, London E14 5HU	See the section entitled <i>"Holdings"</i> for further information.
<b>"Servicer"</b>	Charter Court Financial Services Limited	2 Charter Court, Broadlands, Wolverhampton, WV10 6TD	Servicing Agreement by the Issuer. See the sections entitled <i>"Summary of the Key Transaction Documents – Servicing Agreement"</i> and <i>"The Seller and the Servicer"</i> for further information.
<b>"Seller"</b>	Charter Court Financial Services Limited	2 Charter Court, Broadlands, Wolverhampton, WV10 6TD	See the section entitled <i>"Summary of the Key Transaction Documents – Mortgage Sale Agreement"</i> for further information.
<b>"Cash Manager"</b>	U.S. Bank Global Corporate Trust Limited	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Cash Management Agreement by the Issuer. See the sections entitled <i>"Summary of the Key Transaction Documents – Cash Management Agreement"</i> and <i>"The Cash Manager"</i> for further information.
<b>"Swap Provider"</b>	Lloyds Bank Corporate Markets PLC	25 Gresham Street London, EC2V 7HN	Swap Agreement by the Issuer. See the sections entitled <i>"Credit Structure – Interest Rate Risk for the Notes – Swap Agreement"</i> and <i>"The Swap Provider"</i> for further information.
<b>"Issuer Account Bank"</b>	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR	The Bank Account Agreement by the Issuer. See the sections entitled <i>"Summary of the Key Transaction Documents – The Bank Account Agreement"</i> and <i>"Issuer Account Bank and the Custodian"</i> for further information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>"Custodian"</b>	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR	The Custody Agreement by the Issuer. See the sections entitled " <i>Summary of the Key Transaction Documents – The Custody Agreement</i> " and " <i>Issuer Account Bank and the Custodian</i> " for further information.
<b>"Collection Account Bank"</b>	Barclays Bank PLC	One Churchill Place, London E14 5HP	The Collection Account Agreement by CCFS as the account holder. See the sections entitled " <i>Summary of the Key Transaction Documents – The Collection Account Agreement</i> " and " <i>The Collection Account Bank</i> " for further information.
<b>"Security Trustee"</b>	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</i> " and " <i>The Note Trustee and Security Trustee</i> " for further information.
<b>"Note Trustee"</b>	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</i> " and " <i>The Note Trustee and Security Trustee</i> " for further information.
<b>"Principal Paying Agent" and "Agent Bank"</b>	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Agency Agreement by the Issuer. See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information.
<b>"Registrar"</b>	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR	The Agency Agreement by the Issuer. See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>"Corporate Services Provider"</b>	CSC Capital Markets UK Limited	10th Floor, 5 Churchill Place, London E14 5HU	Corporate Services Agreement by the Issuer and Holdings. See the section entitled " <i>The Corporate Services Provider and Back-Up Servicer Facilitator</i> " for further information.
<b>"Back-Up Servicer Facilitator"</b>	CSC Capital Markets UK Limited	10th Floor, 5 Churchill Place, London E14 5HU	Servicing Agreement by the Issuer. See the section entitled " <i>Summary of the Key Transaction Documents – Servicing Agreement</i> " for further information.
<b>"Share Trustee"</b>	CSC Corporate Services (UK) Limited	10th Floor, 5 Churchill Place, London E14 5HU	Share Trust Deed by the Share Trustee.
<b>"Arranger" and a "Joint Lead Manager"</b>	Banco Santander, S.A.	Ciudad Grupo Santander Avenida de Cantabria s/n Edificio Encinar, planta baja 28860 Boadilla del Monte Madrid Spain	Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
<b>Joint Lead Manager</b>	Merrill Lynch International	2 King Edward Street, London EC1 1HQ	Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
<b>Joint Lead Manager</b>	Deutsche Bank AG, London Branch	21 Moorfields London EC2Y 9DB	Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.

## TRANSACTION OVERVIEW – PORTFOLIO AND SERVICING

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

### **Sale of Portfolio:**

The Portfolio will consist of the Loans and their Related Security which will be sold by the Seller to the Issuer on the Closing Date pursuant to the Mortgage Sale Agreement. The Loans and their Related Security are governed by English law.

The sale by the Seller to the Issuer of each Loan and its Related Security in the Portfolio will be given effect by an equitable assignment.

The terms "sale", "sell" and "sold" when used in this Prospectus in connection with the Loans and their Related Security shall be construed to mean each such creation of an equitable interest. 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 purchase by the Seller of such Loan and its Related Security from the Issuer pursuant to the terms of the Mortgage Sale Agreement.

Prior to the occurrence of a Perfection Event as set out below, notice of the sale of the Loans and their Related Security comprising the Portfolio will not be given to the relevant individual or individuals specified as borrowers in the Mortgage Conditions in respect of a Loan, or the individual or individuals 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 the Issuer will not apply to the Land Registry to register or record its equitable or beneficial interest in the Mortgages.

Prior to the occurrence of a Perfection Event, the legal title to each Loan and its Related Security in the Portfolio will be held by the Seller on bare trust for the Issuer. Following a Perfection Event and notice of the transfer of the Loans and their Related Security to the Issuer being sent to the relevant Borrowers, legal title to the Loans and their Related Security (subject to appropriate registration or recording at the Land Registry) will pass to the Issuer.

Please refer to the section entitled "Summary of the Key Transaction Documents – Mortgage Sale Agreement" for further details.

### **Features of the Loans:**

The following is a summary of certain features of the Loans comprising the Provisional Portfolio determined by reference to the features of each loan in the Provisional Portfolio as at the Portfolio Reference Date and investors should refer to, and carefully consider, further details in respect of the Loans set out in the sections entitled "The Loans" and "Characteristics of the Provisional Portfolio". The Loans comprise loans which are secured by first priority charges over freehold and leasehold properties in England and Wales.

Type of Borrower	Prime
Type of mortgage	Repayment and Interest Only
Right-to-Buy Loans	No
Self-certified Loans	No
Fast-track Loans	No
Buy-to-Let Loans	No
Buy-to-Let Loans (as % of Current Balance)	0%
Owner-occupied properties	Yes
Owner-occupied properties (as % of Current Balance)	100%
Self-employed Borrowers	Yes
Self-employed Borrowers (as % of Current Balance)	32.44
Number of loans in the Provisional Portfolio*	2,575

	Average/Weighted Average	Minimum	Maximum
Current Balance*	£194,253.76	£17,674.25	£778,359.48
Current LTV*	65.17%	5.83%	85.27%
Seasoning (months)*	17.17	0	92
Remaining Term (years)*	24.90	1.92	34.92

The "**Current Balance**" of a Loan means, on any date, the aggregate balance of the Loan at such date (but without double counting) including:

(a) the original principal amount advanced to the relevant Borrower secured or intended to be secured by the related Mortgage and which has not been paid, repaid or prepaid by the relevant Borrower; and

\* As at the Portfolio Reference Date.  
\* As at the Portfolio Reference Date.



(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 properly capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent and added to the amounts secured or intended to be secured by the related Mortgage; and

(c) any other amount (including, for the avoidance of doubt, Accrued Interest and Arrears of Interest) which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent but which is secured or intended to be secured by the related Mortgage other than any administrative fee that is paid by the Borrower for the benefit of any third party and/or retained by the Servicer in accordance with the terms of the Servicing Agreement,

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 day but is exclusive of any other payments or postings on 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.

**Consideration:**

The consideration from the Issuer to the Seller in respect of the sale of the Portfolio shall be: (a) the Initial Consideration, which is due and payable on the Closing Date; and (b) Deferred Consideration payable to the Seller (or the Seller's nominee as the Seller may direct from time to time) from excess Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

"**Initial Consideration**" means £329,043,983.97.

**Representations and Warranties:**

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

In addition to representations and warranties in respect of the legal nature of the Loans and their Related Security, there are also asset Loan Warranties which include the following (with the complete list of warranties set out in full in the section entitled: "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties*")

- (a) all of the Borrowers are individuals and were aged 21 years or older as at the date of execution of the Loan;
- (b) no Borrower is an employee or director of the Seller;
- (c) each Loan was granted to the relevant Borrower for the acquisition of their main residence;

- (d) to the best of the Seller's knowledge, as at the date of origination, no Borrower had a credit risk assessment indicating, based on the Seller's underwriting policy, a significant risk that contractually agreed payments will not be made;
- (e) no Loan was or is: (i) a Buy-to-Let Loan or (ii) a Self-Certified Loan;
- (f) subject in certain appropriate cases to the completion of an application for registration or recording at the Land Registry, the whole of the Current Balance on each Loan and all future interest, fees, costs and expenses payable under or in respect of such Loan is secured by a Mortgage or Mortgages over a residential property and each Mortgage constitutes a valid and subsisting first charge by way of legal mortgage;
- (g) the rate of interest under each Loan is charged monthly in accordance with the Standard Documentation, including any offer letter and the terms thereof;
- (h) each Loan has a term ending no later than the end of February 2059;
- (i) at least one Monthly Instalment due in respect of each Loan has been paid by the relevant Borrower;
- (j) each Loan was originated by the Seller and was at the time of origination, and continues to be, denominated in Sterling;
- (k) with the exception of certain allowable fees being added to the aggregate balance of the Loan, the original advance being made under each Loan was not less than £25,001 but not more than £2,000,000 as at the relevant date of origination;
- (l) all of the Properties are residential properties located in England or Wales;
- (m) no Loan is a Flexible Loan;
- (n) prior to the granting of each Loan, the Lending Criteria and all other conditions precedent to making the Loan were satisfied in all material respects, subject to such exceptions as would be acceptable to a Reasonable, Prudent Residential Mortgage Lender; and
- (o) to the best of the Seller's knowledge, (i) at the time of origination of the relevant Loan, no Borrower appeared on a register available to the Seller of persons with an adverse credit history or (ii) as at the Portfolio Reference Date, no Borrower had a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made was significantly higher than for comparable exposures held by the Seller which are not included in the Portfolio.

See the sections entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties*" and "*The Loans*" for further details.

**Repurchase of the Loans and Related Security:**

The Seller is liable for the repurchase of the relevant Loans and their Related Security in the following circumstances:

- upon a material breach of Loan Warranties (which the Seller fails to remedy within the agreed grace period); or
- any Loan and its related Security in respect of which a Further Advance, Port and/or Product Switch is made.

If the Servicer is CCFS, where the Related Security in relation to a Loan has been enforced, and no further amounts are payable or are expected to be recovered in relation to that Loan and Related Security ("**Written Off Loans**"), the Seller may, at its discretion, purchase for the sum of £0.01 any residual claim that it, as the legal title holder, may have against that Borrower, provided that the shortfall debt in respect of that Written Off Loan is greater than £25. Following such purchase, the Loan and the Related Security will be released from the Security and the Secured Creditors will have no claim or further recourse to any additional amounts recovered in relation to such Written Off Loan by the Seller.

**Consideration for repurchase:**

The consideration payable by the Seller in respect of the repurchase of an affected Loan and its Related Security (other than in respect of Written Off Loans) shall be equal to the sum of: (a) the Current Balance of the relevant Loan (or the aggregate of the Current Balances of the relevant Loans, as the case may be) as at the last day of the Monthly Period immediately preceding the date of repurchase minus (i) the amount of any reduction in Current Balance as a result of the exercise of any set-off right which the relevant Borrower(s) have against the Seller, (ii) in respect of any repurchase arising in respect of a Loan subject to a Further Advance, a Porting and/or a Product Switch, the amount of any product fee payable by the relevant Borrower in relation to such Further Advance, Porting and/or Product Switch which has been capitalised and (iii) the amount of any Further Advance; and (b) an amount equal to the Repurchase Costs (if any) in connection with such repurchase. See the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Repurchase by the Seller*" for further information.

**Perfection Events:**

Transfer of the legal title of the Loans and their Related Security in the Portfolio (other than any Loan and its Related Security which has been repurchased by the Seller) to the Issuer will be completed on the occurrence of certain Perfection Events which include, *inter alia*, the insolvency of the Seller. See "*Perfection Events*" in the section entitled "*Transaction Overview – Triggers Tables – Non-Rating Triggers Table*".

Prior to the completion of the transfer of legal title of the Loans and their Related Security to the Issuer, the Issuer will hold only the equitable title and will therefore be subject to certain risks as set out in the risk factor entitled "*Risk Factors – Seller to initially retain legal title to the Loans and risks relating to set-off*".

**Servicing of the Portfolio:**

The Servicer will be appointed by the Seller and the Issuer (and, in certain circumstances, the Security Trustee) to service the Portfolio on a day-to-day basis. The appointment of the Servicer may be terminated by the Issuer and the Security Trustee upon the occurrence of certain Servicer Termination Events, which include, *inter alia*, the insolvency of the Seller (see "*Servicer Termination Events*" in the "*Transaction Overview – Triggers Tables – Non-Rating Triggers Table*").

The Servicer may also resign by giving not less than three months' notice to the Issuer and the Security Trustee and subject to, *inter alia*, a replacement servicer having been appointed. See the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*" below.

**Seller may exercise the Call Option:**

On or after: (i) the Optional Redemption Date; (ii) any Collection Period Start Date on which the aggregate Current Balance of the Loans (excluding any Enforced Loans) was equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Collateralised Notes on the Closing Date; or (iii) a change in tax law that results in the Issuer or the Swap Provider being required to make a deduction or withholding for or on account of tax or the occurrence of certain illegality events, the Seller may, pursuant to and subject to the terms of the Mortgage Sale Agreement, require the Issuer to sell and transfer to a Beneficial Title Transferee the beneficial title to all (but not some) of the Loans and their Related Security comprising the Portfolio in consideration of the Optional Purchase Price, which will result in the Collateralised Notes being redeemed in full.

See the section entitled "*Early Redemption of the Collateralised Notes*" below.

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

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

### FULL CAPITAL STRUCTURE OF THE NOTES

Class of Notes:	Class A Notes	Class Z Notes	Class X Notes
Principal Amount:	£300,000,000	£29,050,000	£4,120,000
Credit enhancement features:	Overcollateralisation funded by the Class Z Notes, excess Available Revenue Receipts and the General Reserve Fund	Excess Available Revenue Receipts	Excess Available Revenue Receipts
Liquidity support features:	Subordination in payment of the other Notes, Available Redemption Receipts applied as Available Revenue Receipts and the General Reserve Fund	None	None
Issue Price:	100%	100%	100%
Reference Rate:	Compounded Daily SONIA	N/A	N/A
Margin (payable up to and including the Optional Redemption Date):	0.60% per annum	0.0%	0.0%
Step-Up Margin (payable after the Optional Redemption Date):	0.90% per annum	0.0%	0.0%
Interest Accrual Method:	Actual/365 (Fixed)		
Interest Payment Dates:	16th of each month		
Business Day Convention:	Following		
First Interest Payment Date:	The Interest Payment Date falling in July 2024		
Final Maturity Date:	The Interest Payment Date falling in February 2062		

Class of Notes:	Class A Notes	Class Z Notes	Class X Notes
Optional Redemption Date:	The Interest Payment Date falling in May 2029		
Pre-Enforcement Redemption Profile:	Pass through amortisation on each Interest Payment Date, subject to and in accordance with the relevant Priority of Payments		
Post-Enforcement Redemption Profile:	Pass through amortisation, subject to and in accordance with the relevant Priority of Payments		
Other Early Redemption in Full Events:	Tax call/10% clean-up call, exercisable by the Seller		
Application for Exchange Listing:	London Stock Exchange		
Form:	Registered	Registered	Registered
ISIN:	XS2813757171	XS2813757684	XS2813757767
Common Code:	281375717	281375768	281375776
CFI:	DBVNFR	DBVNFR	DBVXFR
FISN:	CMF 2024-1 PLC/VAREUR NT 20561227	CMF 2024-1 PLC/VAREUR NT 20561227	CMF 2024-1 PLC/VAREUR NT 20561227
Ratings (Fitch/Moody's):	AAAsf/ Aaa(sf)	Not Rated	Not Rated
Minimum Denomination:	£100,000		

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.

## TRANSACTION OVERVIEW – OVERVIEW OF THE CHARACTERISTICS OF THE NOTES

**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 February 2062 (the "**Class A Notes**");
- Class Z Mortgage Backed Fixed Rate Notes due February 2062 (the "**Class Z Notes**"); and
- Class X Mortgage Backed Fixed Rate Notes due February 2062 (the "**Class X Notes**"),

and, together, the Class A Notes and the Class Z Notes are the "**Collateralised Notes**". The Collateralised Notes together with the Class X Notes are the "**Notes**" and the holders thereof, the "**Noteholders**".

The Notes will be issued in registered form. Each Class of Notes will be issued pursuant to Regulation S and will be cleared through Euroclear and/or Clearstream, Luxembourg, as set out in "*Description of the Global Notes*" below.

**Sequential Order:** The Notes within each Class will rank *pro rata* and *pari passu* without any preference or priority among themselves as to payments of principal and interest at all times.

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.

The Class Z 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 all payments under the Class A Notes.

The Class X 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 all payments under the Collateralised Notes.

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

**Security:** The Notes are secured and will share the Security with the other Secured Creditors. Pursuant to the Deed of Charge on the Closing Date, the Notes will be secured by, among other things, the following (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 in and to the Transaction Documents (other than the Trust Deed and the Deed of Charge) and any sums derived therefrom (provided that the assignment by way of security of the Issuer's rights under the Swap Agreement shall be subject to any rights of set-off or netting provided for thereunder);

- (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 interest in the Loans and their Related Security and other related rights comprised in 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 to and under Insurance Policies assigned to the Issuer pursuant to the Mortgage Sale Agreement;
- (d) a charge by way of first fixed charge over the Issuer's interest in its bank and/or securities accounts (including the Deposit Account and the Swap Collateral Cash Account) maintained with the Issuer Account Bank and the Swap Collateral Securities Account maintained with the Custodian and any other bank or custodian and any sums or securities standing to the credit thereof;
- (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) the benefit of the Issuer's rights, title, interest and benefit under the Collection Accounts Trust (created pursuant to the Collection Accounts Declaration of Trust);
- (f) a charge by way of first fixed charge over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer or the Cash Manager (acting on the instructions of the Servicer) on its behalf; and
- (g) a floating charge over all assets of the Issuer not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security (whether or not the subject of the charges referred to above as aforesaid).

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

**Interest Provisions:** Please refer to the "*Full Capital Structure Of The Notes*" table above and Condition 6 (*Interest*).

**Deferral:** Interest due and payable on the Most Senior Class of Notes may not be deferred. Interest due and payable on the Notes (other than the Most Senior Class of Notes) may be deferred in accordance with Condition 17 (*Subordination by Deferral*).

**Gross-up:** None of the Issuer or any Paying Agent or any other person will be obliged to gross-up if there is any withholding or deduction in respect of the Notes on account of taxes.

**Redemption:** The Notes are subject to the following redemption events, among others set out in Condition 8 (*Redemption*):

- mandatory redemption in whole on the Interest Payment Date falling in February 2062 (the "**Final Maturity Date**"), as fully set out in Condition 8.1 (*Redemption at Maturity*);



- mandatory redemption in part on any Interest Payment Date commencing on the first Interest Payment Date but prior to the service of an Enforcement Notice subject to:
  - (a) the availability of Available Redemption Receipts (to the extent not applied to cover any Senior Expenses Deficit) which shall be applied:
    - (i) first, on a *pari passu* and *pro rata* basis to repay the Class A Notes until they are repaid in full; and
    - (ii) second, on a *pari passu* and *pro rata* basis to repay the Class Z Notes until they are repaid in full;
  - (b) the availability (in respect of the Class X Notes) of Available Revenue Receipts applied in accordance with the Pre-Enforcement Revenue Priority of Payments to repay the Class X Notes until they are repaid in full; and
- mandatory redemption of the Collateralised Notes in full following the exercise by the Seller of the Call Option, as fully set out in Condition 8.3 (*Mandatory Redemption of the Notes in Full*) or 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*).

Any Collateralised 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.

**Event of Default:**

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

- subject to the deferral provisions in Condition 17 (*Subordination by Deferral*), non-payment of interest and/or principal in respect of the Notes;
- a breach of any material contractual obligations by the Issuer under the Transaction Documents;
- any material representation made by the Issuer being incorrect; and
- the occurrence of certain insolvency-related events in relation to the Issuer.

**Enforcement:**

Following the occurrence of an Event of Default, the Note Trustee may (or, if so directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class) serve an Enforcement Notice on the Issuer that all Classes of Notes are immediately due and payable, provided that the Note Trustee is indemnified and/or prefunded and/or secured to its satisfaction.

Following the service of an Enforcement Notice to the Issuer, the Security Trustee may enforce the Security.

**Limited Recourse and Non-Petition:** The Notes 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 12.3 (*Limited Recourse*). In accordance with Condition 12.2 (*Limitations on Enforcement*), no Noteholder 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:** English law.

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

*Please refer to the sections entitled "Terms and Conditions of the Notes" and "Risk Factors" for further detail in respect of the rights of Noteholders, 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 holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes then outstanding are entitled to convene a Noteholders' meeting.

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

### **Following an Event of Default:**

Following the occurrence of an Event of Default, Noteholders may, if they hold not less than 25 per cent. 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 give an Enforcement Notice to 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 are immediately due and payable, as applicable. The Note Trustee shall not be bound to take any such action unless first indemnified and/or prefunded and/or secured to its satisfaction.

### **Noteholders Meeting provisions:**

	<i>Initial meeting</i>	<i>Adjourned meeting</i>
Notice period:	At least 21 clear days	At least 10 clear days
Quorum for consideration of any Ordinary Resolution:	25% of the Principal Amount Outstanding of the relevant Class of Notes	10% of the Principal Amount Outstanding of the relevant Class of Notes
Quorum for consideration of any Extraordinary Resolution (other than a Basic Terms Modification):	50% of the Principal Amount Outstanding of the relevant Class of Notes	25% of the Principal Amount Outstanding of the relevant Class of Notes
Quorum for consideration of a Basic Terms Modification:	75% of the Principal Amount Outstanding of the relevant Class of Notes	50% of the Principal Amount Outstanding of the relevant Class of Notes
Required majority for any Ordinary Resolution:	50% of votes cast	

Required majority for any Extraordinary Resolution: 75% of votes cast

Time and place Every such meeting shall be held at such time and place (which need not be a physical place and instead may be by way of conference call, including by use of a videoconference platform) as the Note Trustee may appoint or approve in writing, provided that in case of a place, the location shall be in the United Kingdom (or, if applicable the European Union).

**Matters requiring Extraordinary Resolution:**

The following matters, among others, require an Extraordinary Resolution of the relevant Noteholders, 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 8.4 (*Mandatory Redemption of the Notes 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, 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 approve the appointment of a substitute Servicer in circumstances where the Servicer has resigned and the appointment of the substitute Servicer in the opinion of the Security Trustee could have an adverse effect on the rating of the Notes or if it is not clear to the Security Trustee whether the rating

for the Notes will be maintained as the rating before the termination of the Servicer;

- to authorise the Note Trustee, the Security Trustee and/or any Appointee (subject to all or any of them being indemnified and/or secured and/or prefunded to their satisfaction) 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 and to confer upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution;
- to sanction any scheme or proposal for the exchange, sale, conversion or cancellation of the Notes 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; or
- 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.

See Condition 12 (*Enforcement*) in the section entitled "*Terms and Conditions of the Notes*" for more detail.

**Relationship between  
Classes of Noteholders:**

Subject to the provisions governing a Basic Terms Modification, an Extraordinary Resolution of the holders of a relevant Class of Notes shall be binding on all other holders of Classes of Notes which are subordinate to such Class of Notes in the Post-Enforcement Priority of Payments, irrespective of the effect upon them. No Extraordinary Resolution of any other Class of Noteholders shall take effect for any purpose while the Most Senior Class remains outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class or the Note Trustee and/or the Security Trustee (acting on the directions of 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.

A Basic Terms Modification requires an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes then in issue, as applicable (unless the Note Trustee and/or the Security Trustee (acting on the directions of the Note Trustee) is of the opinion that it would not be materially prejudicial to the respective interests of the holders of those affected Classes of Notes).

Subject to the provisions governing a Basic Terms Modification and the foregoing paragraphs, a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of:

- (a) Notes of only one Class shall be deemed to have been duly passed if passed at a separate meeting (or by a separate resolution in writing or by a separate resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of that Class of Notes so affected;
- (b) Notes of more than one Class but does not give rise to a conflict of interest between the holders of such Notes of more than one Class shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of the Notes of each such Class;
- (c) one or more Classes of Notes, and gives or may give rise to an actual or potential conflict of interest between the holders of such Notes, shall be deemed to have been duly passed only if passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes so affected;
- (d) one or more Classes of Notes, but does not give rise to an actual or potential conflict of interest between the holders of such Notes, shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes so affected; and
- (e) two or more Classes of Notes, and gives or may give rise to an actual or potential conflict of interest between the holders of such Classes of Notes, shall be deemed to have been duly passed only if passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes so affected.

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

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

So long as any of the Notes are outstanding and there is a conflict between the interest of the Noteholders and the other Secured Creditors, the Security Trustee and the Note Trustee shall have regard to the interests of the Noteholders only.

So long as the Notes are outstanding, if there is a conflict between the interests of any Classes of Notes, the Note Trustee will have regard solely to the interests of the holders of the relevant affected Class of Notes ranking in priority to the other relevant Classes of Notes.

So long as any Notes are outstanding and there is a conflict between the interests of the Noteholders, and the other Secured Creditors, the Security Trustee will take into account the interests of the Noteholders only in the exercise of its discretion.

**"Secured Obligations"** means any and all of the monies and liabilities which the Issuer covenants and undertakes to pay or discharge under the Issuer's covenant to pay as set out in the Deed of Charge.

**Seller as Noteholder:**

For certain purposes, including the determination as to whether Notes are deemed outstanding, and for the purposes of convening a meeting (including by way of conference call, including by use of a videoconference platform) of the Noteholders, those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Seller, any holding company as defined in section 1159 of the Companies Act 2006 (a "**Holding Company**") of any of them or any other subsidiary as defined in section 1159 of the Companies Act 2006 (a "**Subsidiary**"), in either such Holding Company (each such entity a "**Relevant Person**"), in each case as a beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding or in issue, except where all of the Notes of any Classes are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Classes of Notes (the "**Relevant Class**") shall be deemed to remain outstanding or in issue (as the case may be), except that, if there is any other Class of Notes ranking (with regard to the definition of Most Senior Class) *pari passu* with, or junior to, the Relevant Class and one or more Relevant Persons are not the beneficial owners of all the Notes of such Class, then the Relevant Class shall be deemed not to remain outstanding and provided that in relation to a matter relating to a Basic Terms Modification any Notes which are for the time being held by or on behalf of or for the benefit of a Relevant Person, in each case as beneficial owner, shall be deemed to remain outstanding or in issue, as applicable.

**Provision of Information to the Noteholders:**

For so long as the Notes are outstanding, CCFS shall procure that the Cash Manager will prepare a monthly investor report detailing, among other things, certain aggregated loan file data in relation to the Portfolio 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 Investor Report**") and shall deliver such reports to the Servicer in accordance with the terms of the Cash Management Agreement.

In addition, for so long as the Notes are outstanding, CCFS shall procure that the Cash Manager will prepare a monthly investor report detailing, among other things, certain aggregated loan file data in relation to the Portfolio as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation and the EU Article 7 Technical Standards not taking into account any relevant national measures (provided that CCFS shall procure compliance with any amendments to such articles and technical standards following the Closing Date at its discretion), **provided** that on and from the applicable SR Equivalency Date references to, and obligations in respect of, the EU Securitisation Regulation and the EU Article 7 Technical Standards shall not apply (the "**EU Investor Report**" and together with the UK Investor Report, the "**Investor Reports**") and

shall deliver such reports to the Servicer in accordance with the terms of the Cash Management Agreement.

CCFS as Originator shall make available or procure on demand, from the Closing Date until the Notes have been redeemed in full, a liability cashflow model (the "**Cash Flow Model**") to investors, either directly or indirectly through one or more entities which provide such Cash Flow Models, which precisely represents the contractual relationship between the Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer. The Cash Flow Model shall be made available (i) prior to pricing of the Notes to potential investors, and (ii) on an ongoing basis and to investors in the Notes and to potential investors in the Notes upon request on Moody's Analytics website at <https://www.sfportal.com/deal/cashflows/YBI.CMF20241> ("**Moody's Analytics**").

Based upon the requirements of the UK Securitisation Regulation and EU Securitisation Regulation that are applicable as at the date of this Prospectus, until the Servicer and the Cash Manager are notified in writing by the Issuer of any differences and/or deviations from the prescribed templates to be used pursuant to the EU Securitisation Regulation or the UK Securitisation Regulation (as applicable) it is expected that each EU Investor Report will be the same as each UK Investor Report (in which case the Servicer will only be required to produce one report for both requirements) and each EU Investor Report will be the same as each UK Investor Report (in which case the Cash Manager will only be required to produce one report for both requirements).

In addition, CCFS: (i) (as designated entity for the purposes of Article 7 of the UK Securitisation Regulation) will provide (or will procure the provision of) certain information and reports required pursuant to the UK Securitisation Regulation; and (ii) subject to certain conditions, has contractually agreed to provide (or to procure the provision of) certain information and reports required pursuant to the EU Securitisation Regulation as such requirements exist on the Closing Date, as more fully set out under "*General Information – UK Securitisation Regulation Reporting*" and "*General Information – EU Securitisation Regulation Reporting*".

The Servicer or another third party will publish, without delay, any: (i) inside information relating to the Issuer which the Issuer determines it is obliged to make in accordance with Article 17 of Regulation (EU) No. 596/2014 as it forms part of UK law by virtue of the EUWA and in accordance with Article 7(1)(f) of the UK Securitisation Regulation and will be disclosed to the public by the Issuer; or (ii) any significant event pursuant to Article 7(1)(g) of the UK Securitisation Regulation, in each case in accordance with the UK Article 7 Technical Standards.

The Servicer or another third party will publish, without delay, any: (i) inside information relating to the Issuer which the Issuer determines it is obliged to make in accordance with Article 17 of Regulation (EU) No. 596/2014 and in accordance with Article 7(1)(f) of the EU Securitisation Regulation and will be disclosed to the public by the Issuer; or (ii) any significant event pursuant to Article 7(1)(g) of the EU Securitisation



Regulation, in each case in accordance with the EU Article 7 Technical Standards (provided that the Servicer or other third party shall comply with any amendments to such articles and technical standards following the Closing Date at its discretion), **provided that** on and from the applicable SR Equivalency Date, references to, and obligations in respect of, the EU Securitisation Regulation shall not apply.

Any information required to be made available to potential investors in the Notes pursuant to Article 7 of the UK Securitisation Regulation and pursuant to Article 7 of the EU Securitisation Regulation is available on the European DataWarehouse website, a website which conforms with the requirements set out in Article 7(2) of the UK Securitisation Regulation, at:

<https://editor.eurowdw.co.uk/deals/view?edcode=RMBSUK001038500420244> (the "**Reporting Website**").

**Communication with Noteholders:**

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

- (a) so long as the Notes are held in a Clearing System, by delivery to the relevant Clearing System for communication by it to the Noteholders;
- (b) so long as the Notes are listed on a recognised stock exchange, by delivery in accordance with the notice requirements of that exchange; and
- (c) in respect of Notes in definitive form, notices to the 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.

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 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.

**Right of Modification without Noteholder Consent:**

Pursuant to and in accordance with the provisions of Condition 13.6 (*Additional Right of Modification*), the Note Trustee and/or the Security Trustee shall be obliged, without any consent or sanction of the Noteholders, or any other Secured Creditor, subject to written consent of the Secured Creditors which are 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), to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to the Conditions, the Trust Deed or any other Transaction Document for the purposes of:

- complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
- complying with any changes in the requirements of, or enabling the Issuer to comply with an obligation in respect of, the UK Securitisation Regulation or the EU Securitisation Regulation (including in respect of risk retention or relating to the treatment of the Notes as a simple, transparent and standardised securitisation) after the Closing Date, including as a result of the adoption of regulatory or implementing technical standards in relation to the UK Securitisation Regulation or the EU Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect (upon which certificate the Note Trustee and the Security Trustee shall be entitled to rely absolutely without liability to any person for so doing);
- complying with, or implementing or reflecting, any changes in the manner in which the Notes are held which will allow the Bank of England's sterling monetary framework, that is, in a manner which would allow such Notes to be recognised as eligible collateral for the Bank of England's monetary policy and intra-day credit operations by the Bank of England either upon issue or at any or all times during the life of the Notes, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- enabling the Notes to be (or to remain) listed on the London Stock Exchange;
- enabling the Issuer or any of the other Transaction Parties to comply with FATCA;
- changing the base rate in respect of the Floating Rate Notes from SONIA to an alternative base rate and making such other amendments as are necessary or advisable in the reasonable commercial judgement of the Issuer (or the Servicer on its behalf) to facilitate such change (a "**Base Rate Modification**");
- (subject to the conditions detailed in Condition 13.6 (*Additional Right of Modification*)) effecting any changes to migrate any obligations of CCFS under the Transaction Documents to any other entity within the OSB Group; or
- changing the base rate in respect of the Swap Agreement to an alternative base rate as necessary or advisable in the reasonable commercial judgement of the Issuer (or the Servicer on its behalf) and the Swap Provider solely to facilitate such change as a consequence of a Base Rate Modification and solely for the

purpose of aligning the base rate of the Swap Agreement to the base rate of the Floating Rate Notes following such Base Rate Modification (a "**Swap Rate Modification**").

So long as the Seller is the holder of any Notes it shall not be entitled to exercise voting rights in respect of those Notes save where it is the holder of all of the Notes of a particular Class, provided that if a Class of Notes ranks *pari passu* with the Class of Notes held by the Seller, the Seller will also not be entitled to exercise voting rights in respect of such Class of Notes.

## 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:**

Prior to an Enforcement Notice being served on the Issuer, the Cash Manager on behalf of the Issuer will apply Available Revenue Receipts and Available Redemption Receipts on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Redemption Priority of Payments, respectively, as set out below.

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

- (a) all Revenue Receipts or, if in a Determination Period, any Calculated Revenue Receipts, in each case excluding any Reconciliation Amounts to be applied as Available Redemption Receipts on that Interest Payment Date, received by the Issuer:
  - (i) during the immediately preceding Collection Period; or
  - (ii) if representing amounts received in respect of any repurchases of Loans and their Related Security by the Seller pursuant to the Mortgage Sale Agreement, from but excluding the Collection Period Start Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to and including the immediately preceding Collection Period Start Date;
- (b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Collection Period (other than any amount of interest or income received in respect of any Swap Collateral) and income from any Authorised Investments to be received on or prior to the Interest Payment Date (other than any amount of income received in respect of the Swap Collateral);
- (c) amounts received or to be received by the Issuer under or in connection with the Swap Agreement (other than: (i) any early termination amount received by the Issuer under the Swap Agreement; (ii) Swap Collateral; (iii) any Replacement Swap Premium paid to the Issuer; and (iv) amounts in respect of Swap Tax Credits on such Interest Payment Date (other than, in each case, any Swap Collateral Account Surplus which is to be applied as Available Revenue Receipts in accordance with the Swap Collateral Account Priority of Payments));
- (d) on the Final Redemption Date only, all amounts standing to the credit of the General Reserve Fund Ledger (after first having applied any General Reserve Fund Release Amount in meeting any Revenue Deficit against the relevant item in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments and debiting such

amounts from the General Reserve Fund Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments, in each case on such Final Redemption Date);

- (e) on each Interest Payment Date up to and including the Final Redemption Date, the General Reserve Fund Excess Amount;
- (f) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*);
- (g) amounts credited to the Deposit Account on the previous Interest Payment Date in accordance with item (o) of the Pre-Enforcement Revenue Priority of Payments;
- (h) amounts representing the Optional Purchase Price received by the Issuer upon the sale of the Loans and their Related Security comprising the Portfolio further to the exercise of the Call Option;
- (i) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Redemption Receipts;
- (j) amounts determined to be applied as Available Revenue Receipts on the immediately succeeding Interest Payment Date in accordance with item (d) of the Pre-Enforcement Redemption Priority of Payments; and
- (k) on the first Interest Payment Date only, such amount received by the Issuer into the Deposit Account in respect of part of the subscription proceeds of the Class X Notes on the Closing Date excluding (i) an amount equal to the General Reserve Fund Required Amount and (ii) any payment of any premium due to the Swap Provider in connection with the entry into the Swap Agreement;

*less:*

- (l) amounts applied from time to time during the immediately preceding Collection Period in making payment of certain monies which properly belong to third parties (including the Seller) such as (but not limited to):
  - certain costs and expenses charged by the Servicer in respect of its servicing of the Loans, other than the Servicer Fee and not otherwise covered by the items below;
  - payments of certain insurance premia in respect of the Block Insurance Policies (to the extent referable to the Loans);
  - amounts under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or

recall such amount itself from its customer's account or is required to refund an amount previously debited; and

- any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower,

(items within this paragraph (l) being collectively referred to herein as "**Third Party Amounts**");

- (m) any tax payments paid or payable by the Issuer during the immediately preceding Collection Period to the extent not funded from amounts standing to the credit of the Issuer Profit Ledger; and
- (n) (taking into account any amount paid by way of Third Party Amounts) amounts to remedy any overdraft in relation to any Collection Account or to pay any amounts due to the Collection Account Bank.

"**Direct Debit**" means a written instruction of a Borrower authorising its bank to honour a request of the Seller to debit a sum of money on specified dates from the account of the Borrower for deposit into an account of the Seller.

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

- (a) all Redemption Receipts or, if in a Determination Period, any Calculated Redemption Receipts, in each case excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date, received by the Issuer:
  - (i) during the immediately preceding Collection Period; or
  - (ii) if representing amounts received in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller pursuant to the Mortgage Sale Agreement, from but excluding the Collection Period Start Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to and including the immediately preceding Collection Period Start Date;
- (b) the amounts (if any) calculated on the Calculation Date preceding that Interest Payment Date pursuant to the Pre-Enforcement Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class Z Principal Deficiency Sub-Ledger is to be reduced on that Interest Payment Date;

- (c) any amounts deemed to be Available Redemption Receipts in accordance with item (l) of the Pre-Enforcement Revenue Priority of Payments (the "**Enhanced Amortisation Amounts**"); and
- (d) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Redemption Receipts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*).

"**Optional Redemption Date**" means the Interest Payment Date falling in May 2029.

"**Final Redemption Date**" means the Interest Payment Date in respect of which the Cash Manager determines on the immediately preceding Calculation Date that, following the application on such Interest Payment Date of:

- (a) Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments;
- (b) any General Reserve Fund Release Amounts in meeting any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments; and
- (c) any Principal Addition Amounts in meeting any Senior Expenses Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments,

the sum of:

- (i) the Available Redemption Receipts (other than, where such Interest Payment Date falls prior to the Optional Redemption Date, paragraph (c) of the definition thereof and excluding any amounts applied as Principal Addition Amounts);
- (ii) all amounts standing to the credit of the General Reserve Fund Ledger; and
- (iii) all amounts which (but for the occurrence of the Final Redemption Date) would have been available following application of items (a) to (k) (inclusive) of the Pre-Enforcement Revenue Priority of Payments,

would be sufficient to redeem in full the Collateralised Notes on such Interest Payment Date, including, as the case may be, as a result of the mandatory redemption of the Collateralised Notes pursuant to Condition 8.3 (*Mandatory Redemption of the Notes in Full*) or 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*).

For the avoidance of doubt, the "Final Redemption Date" shall be the Interest Payment Date on which the Issuer has sufficient funds comprising Available Revenue Receipts and Available Redemption Receipts (in

accordance with paragraphs (a) to (c) and (i) to (iii) above) that are available to redeem the Collateralised Notes in full (including as a result of the mandatory redemption of the Collateralised Notes pursuant to Condition 8.3 (*Mandatory Redemption of the Notes in Full*) or 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*)).

**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*".

<u>Pre-Enforcement Revenue Priority of Payments:</u>	<u>Pre-Enforcement Redemption Priority of Payments:</u>	<u>Post-Enforcement Priority of Payments:</u>
(a) Amounts due to the Note Trustee and the Security Trustee and any Appointee thereof including charges, liabilities, fees, costs and expenses	(a) Principal Addition Amounts to be applied to meet any Senior Expenses Deficit	(a) Amounts due to the Receiver, the Note Trustee and the Security Trustee and any Appointee thereof including charges, liabilities, fees, costs and expenses
(b) Amounts due to the Agent Bank, the Registrar, the Paying Agents, the Cash Manager, the Servicer, the Back-Up Servicer Facilitator, the Corporate Services Provider, the Issuer Account Bank, the Custodian, the Collection Account Bank and (if applicable) the securitisation repository or any other third party website provider, in each case including all fees, costs, charges, liabilities and expenses	(b) Pro rata and pari passu to the principal amounts due on the Class A Notes	(b) Amounts due to the Agent Bank, the Registrar, the Paying Agents, the Cash Manager, the Servicer, the Back-Up Servicer Facilitator, the Corporate Services Provider, the Issuer Account Bank, the Custodian, the Collection Account Bank and (if applicable) the securitisation repository or any other third party website provider, in each case including all fees, costs, charges, expenses and liabilities
(c) Third party expenses and any Transfer Costs	(c) Pro rata and pari passu to the principal amounts due on the Class Z Notes	(c) Amounts due to the Swap Provider (including any termination payments to the extent not satisfied by any applicable Replacement Swap Premium and/or any amounts available to be applied in accordance with the Swap Collateral
(d) Amounts due to the Swap Provider (including any termination payments to the extent not satisfied by any applicable Replacement Swap Premium and/or any amounts available to be applied in accordance with the Swap Collateral	(d) All remaining amounts to be applied as Available Revenue Receipts	(c) Amounts due to the Swap Provider (including any termination payments to the extent not satisfied by any applicable



Pre-Enforcement Revenue Priority of Payments:

- Account Priority of Payments but excluding any Hedge Subordinated Amounts)
- (e) Issuer Profit Amount
  - (f) *Pro rata* and *pari passu* to the interest due on the Class A Notes
  - (g) Amounts to be credited to the Class A Principal Deficiency Sub-Ledger
  - (h) Amounts to be credited to the General Reserve Fund Ledger
  - (i) Amounts to be credited to the Class Z Principal Deficiency Sub-Ledger
  - (j) *Pro rata* and *pari passu* to the interest due on the Class Z Notes
  - (k) Any Hedge Subordinated Amounts (to the extent not satisfied by any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments) due to the Swap Provider
  - (l) On or after the Optional Redemption Date or on or after the Final Redemption Date, an amount equal to the lesser of: (i) all remaining amounts (if any); and (ii) the amount required by the Issuer to redeem the Collateralised Notes in full, less any other Available Redemption Receipts otherwise available to the Issuer, to be applied as Available Redemption Receipts

Pre-Enforcement Redemption Priority of Payments:

Post-Enforcement Priority of Payments:

- Replacement Swap Premium and/or any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments but excluding any Hedge Subordinated Amounts)
- (d) *Pro rata* and *pari passu* to the amounts of interest and principal due on the Class A Notes
  - (e) Hedge Subordinated Amounts due to the Swap Provider
  - (f) *Pro rata* and *pari passu* to the amounts of interest and principal due on the Class X Notes
  - (g) *Pro rata* and *pari passu* to the amounts of interest and principal due on the Class Z Notes
  - (h) Issuer Profit Amount
  - (i) Deferred Consideration

Pre-Enforcement Revenue Priority of Payments:

- (m) *Pro rata* and *pari passu* to the interest due on the Class X Notes
- (n) *Pro rata* and *pari passu* to the principal amounts due on the Class X Notes
- (o) On any Interest Payment Date falling within a Determination Period, all remaining amounts to be credited to the Deposit Account to be applied on the next Interest Payment Date as Available Revenue Receipts
- (p) Deferred Consideration

Pre-Enforcement Redemption Priority of Payments:

Post-Enforcement Priority of Payments:

**General Credit Structure:**

The credit structure of the transaction includes the following elements:

- the availability of the General Reserve Fund, funded on the Closing Date by part of the proceeds of the Noteholders' subscription of the Class X Notes. An amount equal to the General Reserve Fund Excess Amount will be debited from the General Reserve Fund and will be applied as Available Revenue Receipts on each Interest Payment Date. On each Interest Payment Date, to the extent that there would be a Revenue Deficit on such Interest Payment Date, an amount equal to the General Reserve Fund Release Amounts shall be debited from the General Reserve Fund Ledger immediately after the application of Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date and applied to cure such Revenue Deficit. Any General Reserve Fund Release Amounts will be applied to meet any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in such order of priority as such items appear in the Pre-Enforcement Revenue Priority of Payments. After the Closing Date, the General Reserve Fund will be replenished up to the General Reserve Fund Required Amount on each Interest Payment Date up to and including the Final Redemption Date from Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

See the section "*Credit Structure – General Reserve Fund and General Reserve Fund Ledger*";

- a Principal Deficiency Ledger will be established to record any notional principal Losses corresponding to each Class of Collateralised Notes and/or any Principal Addition Amounts in reverse sequential order. Available Revenue Receipts and any General Reserve Fund Release Amounts will be applied in accordance with the Pre-Enforcement Revenue Priority of Payments to make up the relevant Principal Deficiency Ledger in sequential order. See the section "*Credit Structure – Principal Deficiency Ledger*" below;
- on or after the Optional Redemption Date or on or after the Final Redemption Date, the Issuer will treat an amount equal to the lesser of: (i) all remaining Available Revenue Receipts after payment of items (a) to (k) of the Pre-Enforcement Revenue Priority of Payments; and (ii) the amount required by the Issuer to pay in full all amounts payable under items (a) to (c) (inclusive) of the Pre-Enforcement Redemption Priority of Payments, less any Available Redemption Receipts (other than item (c) of the definition thereof) otherwise available to the Issuer, as Enhanced Amortisation Amounts and such amounts will be applied as Available Redemption Receipts;
- pursuant to item (a) of the Pre-Enforcement Redemption Priority of Payments, to the extent that, after application of the Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, and the use of any General Reserve Fund Release Amount to meet any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments, there is a Senior Expenses Deficit, the Issuer shall apply an amount of Available Redemption Receipts as Principal Addition Amounts to meet any Senior Expenses Deficit (subject to the limitations set out in the definition of Senior Expenses Deficit), against the relevant items in the Pre-Enforcement Revenue Priority of Payments in such order of priority as such items appear in the Pre-Enforcement Revenue Priority of Payments;
- the availability of interest in respect of monies held in the Issuer Accounts and income from any Authorised Investments (other than any amount of interest and/or income received in respect of the Swap Collateral) (see the section "*Cashflows*" for further details); and
- availability of the fixed rate swap provided by the Swap Provider to hedge against the possible variance between the rates of interest payable on the Fixed Rate Loans in the

Portfolio and a rate of interest calculated by reference to Compounded Daily SONIA.

See the section "*Credit Structure – Interest Rate Risk for the Notes*" for further details.

**Bank Accounts and Cash Management:**

The Issuer will open a deposit account (the "**Deposit Account**") and a swap collateral cash account (the "**Swap Collateral Cash Account**") pursuant to the Bank Account Agreement with the Issuer Account Bank on or prior to the Closing Date.

The Issuer will open a swap sterling collateral securities account (the "**Swap Collateral Securities Account**", together with the Swap Collateral Cash Account, the "**Swap Collateral Accounts**") pursuant to the Custody Agreement with the Custodian.

The Issuer may from time to time open additional or replacement accounts (including, if applicable, any securities accounts (such accounts, together with the Deposit Account and the Swap Collateral Accounts, the "**Issuer Accounts**")) pursuant to the Bank Account Agreement, the Custody Agreement and the Transaction Documents.

On each Interest Payment Date, the Cash Manager will transfer monies from the Deposit Account to be applied in accordance with the applicable Priority of Payments.

**Swap Agreement:**

Payments received by the Issuer under certain of the Loans will be subject to fixed rates of interest for an initial period of time. The interest amounts payable by the Issuer in respect of the Floating Rate Notes will be calculated by reference to Compounded Daily SONIA. To hedge against the potential variance between the fixed rates of interest received on certain of the Loans in the Portfolio and the rate of interest payable on the Floating Rate Notes, the Issuer will enter into the Swap Transaction with the Swap Provider under the Swap Agreement.

## TRANSACTION OVERVIEW – TRIGGERS TABLES

### Rating Triggers Table

Transaction Party:	Required Ratings/Triggers:	Possible effects of Trigger being breached include the following:
<b>Issuer Account Bank</b>	<p><i>Moody's</i>: a short-term deposit rating of at least P-1 by Moody's or a long-term deposit rating of at least A3 by Moody's;</p> <p><i>Fitch</i>: a short-term deposit rating of at least F1 by Fitch or a long-term deposit rating of at least A by Fitch,</p> <p>or (in each case) such other lower rating which is consistent with the then current rating methodology of the Rating Agencies in respect of the then current ratings of the Notes (the "<b>Account Bank Rating</b>").</p>	<p>If the Issuer Account Bank fails to maintain any of the Account Bank Ratings, then the Issuer shall, within 60 calendar days of such downgrade:</p> <ul style="list-style-type: none"> <li>(a) close the Issuer Accounts (with the operational assistance of the Cash Manager) with such Issuer Account Bank and use all reasonable endeavours to open replacement accounts with a financial institution: (i) having the Account Bank Rating; and (ii) which is a bank as defined in section 991 of the Income Tax Act 2007;</li> <li>(b) use all reasonable endeavours to obtain a guarantee of the obligations of such Issuer Account Bank under the Bank Account Agreement from a financial institution which has the Account Bank Rating; or</li> <li>(c) take any other reasonable action as the Rating Agencies may agree will not result in a downgrade of the Notes,</li> </ul> <p>in each case as prescribed in the Bank Account Agreement, and shall transfer amounts standing to the credit of the relevant Issuer Accounts and all Ledgers on the relevant Issuer Accounts to the replacement Issuer Accounts.</p>
<b>Custodian</b>	The Account Bank Rating	<p>If the Custodian fails to maintain any of the Account Bank Ratings, then the Issuer shall, within 60 calendar days of such downgrade:</p> <ul style="list-style-type: none"> <li>(a) close the Swap Collateral Securities Account (with the operational assistance of the Cash Manager) with such Custodian and use all reasonable endeavours to open replacement accounts with a financial institution: (i) having the Account Bank Rating; and (ii) which is a bank as defined in</li> </ul>

<b>Transaction Party:</b>	<b>Required Ratings/Triggers:</b>	<b>Possible effects of Trigger being breached include the following:</b>
		section 991 of the Income Tax Act 2007;
		(b) use all reasonable endeavours to obtain a guarantee of the obligations of such Custodian under the Custody Agreement from a financial institution which has the Account Bank Rating; or
		(c) take any other reasonable action as the Rating Agencies may agree will not result in a downgrade of the Notes,
		in each case as prescribed in the Custody Agreement, and shall transfer securities standing to the credit of the Swap Collateral Securities Account to the replacement Swap Collateral Securities Account.

**Swap Provider**

**Moody's rating requirements**

A long-term counterparty risk assessment from Moody's of A3(cr) or above (the "**Qualifying Collateral Trigger Rating**").

If the Swap Provider (or its successor or any relevant guarantor) does not have the Qualifying Collateral Trigger Rating and either (a) has not had a Qualifying Collateral Trigger Rating since the Closing Date or (b) at least 30 business days have elapsed since the last time the Swap Provider (or its successor or relevant guarantor) had the Qualifying Collateral Trigger Rating, the Swap Provider must, if required, post collateral and may either (i) transfer its rights and obligations under the Swap Agreement to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third party.

A long-term counterparty risk assessment from Moody's of Baa3(cr) or above and in line with ISDA (the "**Qualifying Transfer Trigger Rating**").

If the Swap Provider (or its successor or any relevant guarantor) does not have the Qualifying Transfer Trigger Rating, the Swap Provider must, at its own cost, use commercially reasonable efforts to, as soon as reasonably practicable (and in any event within 30 business days), either (i) transfer its rights and obligations under the Swap Agreement to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third party.

**Transaction  
Party:**

**Required Ratings/Triggers:**

**Possible effects of Trigger being breached  
include the following:**

A failure by the Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Swap Agreement.

**Initial Fitch Required Ratings:**

A short-term issuer default rating or a derivative counterparty rating (or if a derivative counterparty rating is not available, a long-term issuer default rating) by Fitch at least as high as the Fitch Minimum Counterparty Rating corresponding to the then current rating by Fitch of the then highest rated class of Notes, as specified in the table "Fitch Minimum Counterparty Rating" below under the column "Initial Fitch Required Ratings" (or its equivalent) by Fitch (the "**Initial Fitch Required Rating**").

**Initial Fitch Required Ratings:**

If the Swap Provider (or its successor, assignee or any relevant guarantor) does not have the Initial Fitch Required Rating (an "**Initial Fitch Rating Event**"), the Swap Provider: (a) must, on a reasonable efforts basis and at its own cost, if required, post collateral within 14 calendar days of the Initial Fitch Rating Event (or, if an Initial Fitch Rating Event has continued since the date the Swap Agreement (or any replacement swap agreement) was entered into, on such date); and (b) may, on a reasonable efforts basis and at its own cost, within 60 calendar days of such Initial Fitch Rating Event, either: (i) transfer its rights and obligations under the Swap Agreement to an appropriately rated replacement third party (or a replacement third party with an eligible and appropriately rated guarantor); (ii) procure a co-obligation or guarantee from an appropriately rated third party; or (iii) take such other actions (which may, for the avoidance of doubt, include taking no action) as a result of which the highest rated class of Notes will be rated by Fitch at the same level as immediately prior to such Initial Fitch Rating Event, **provided that**, if required, pending the taking of any of the actions in sub-paragraphs (b)(i) to (iii) above, the Swap Provider posts collateral as required under sub-paragraph (a) above.

A failure by the Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Swap Agreement.

**Subsequent Required Ratings:**

**Fitch:** A short-term issuer default rating or a derivative counterparty rating (or, if a derivative counterparty is not available, a long-term issuer default rating) by Fitch at least as high as the Fitch Minimum Counterparty Rating corresponding to the then current rating by Fitch of the then

**Subsequent Required Ratings:**

If the Swap Provider (or its successor, assignee or any relevant guarantor) does not have the Subsequent Fitch Required Rating (a "**Subsequent Fitch Rating Event**"), the Swap Provider must, within 60 calendar days of such Subsequent Fitch Rating Event, on a reasonable efforts basis and at its own cost,

**Transaction Party: Required Ratings/Triggers:**

highest rated class of Notes, as specified in the table "Fitch Minimum Counterparty Rating" below under the column "Subsequent Fitch Required Rating" or "Subsequent Fitch Required Rating (adjusted)" (as applicable) (the "**Subsequent Fitch Required Rating**").

**Possible effects of Trigger being breached include the following:**

either: (i) transfer its rights and obligations under the Swap Agreement to an appropriately rated replacement third party (or a replacement third party with an eligible and appropriately rated guarantor); (ii) procure a co-obligation or guarantee from an appropriately rated third party; or (iii) take such other actions (which may, for the avoidance of doubt, include taking no action) as a result of which the highest rated class of Notes will be rated by Fitch at the same level as immediately prior to such Subsequent Fitch Rating Event, **provided that**, if required in accordance with the Swap Credit Support Annex, pending the taking of any of the actions in sub-paragraphs (i) to (iii) above, the Swap Provider posts additional collateral within 14 calendar days of the Subsequent Fitch Rating Event.

A failure by the Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Swap Agreement.

<b>Fitch Minimum Counterparty Rating</b>			
<b>Current Fitch rating of Fitch relevant notes</b>	<b>Initial Fitch Required Rating</b>	<b>Subsequent Fitch Required Rating</b>	<b>Subsequent Fitch Required Rating (adjusted)*</b>
AAAsf	A or F1	BBB- or F3	BBB+ or F2
AA+sf, AAAsf, AA-sf	A- or F1	BBB- or F3	BBB+ or F2
A+sf, Asf, A-sf	BBB or F2	BB+	BBB or F2
BBB+sf, BBBsf, BBB-sf	BBB- or F3	BB-	BBB- or F3
BB+sf, BBsf, BB-sf	At least as high as the Fitch relevant notes' Fitch rating	B+	BB-
B+sf, Bsf, B-sf		B-	B-

\* If the Swap Provider (or its successor, assignee or any relevant guarantor) is not incorporated in the same jurisdiction as the Issuer and, following a request from Fitch, has not provided Fitch with a legal opinion, in a form acceptable to Fitch, confirming the enforceability of the subordination provisions against it in its jurisdiction, the "Subsequent Fitch Required Rating (adjusted)" shall be applicable.



## Non-Rating Triggers Table

### Perfection Events:

Prior to the completion of the transfer of legal title of the Loans to the Issuer, the Issuer will be subject to certain risks as set out in the risk factor entitled "*Risk Factors – Seller to initially retain legal title to the Loans and risks relating to set-off*". Completion of transfer of the legal title of the Loans by the Seller to the Issuer will be completed on or before the 20th Business Day after the earliest to occur of the following:

- (a) the Seller being required to perfect legal title to the Loans: (i) by an order of a court of competent jurisdiction; or (ii) by a regulatory authority which has jurisdiction over the Seller; or (iii) by any organisation of which the Seller is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders and with whose instructions it is customary for the Seller to comply, to perfect legal title to the Loans;
- (b) it becoming necessary by law to take any or all such actions referred to in paragraph (a) above;
- (c) the security created under or pursuant to the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy;
- (d) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee;
- (e) an Insolvency Event occurring in relation to the Seller;
- (f) it becoming unlawful in any applicable jurisdiction for the Seller to hold legal title in respect of any Loan in the Portfolio; or
- (g) the Seller is in breach of its obligations under the Mortgage Sale Agreement, but only if (i) such breach, where capable of remedy, is not remedied to the reasonable satisfaction of (prior to the delivery of an Enforcement Notice) the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee (acting in accordance with the Deed of Charge) within 90 calendar days and (ii) Moody's and/or Fitch shall have provided confirmation that the then current ratings of the Notes will be withdrawn, downgraded or qualified as a result of such breach; or
- (h) an encumbrancer takes possession or a Receiver is appointed to any part of the undertaking, property and assets of the Seller having an aggregate value in excess of 10% of the total assets of the Seller or a distress, diligence or execution is levied or enforced upon or sued out against any part of the chattels or property of the Seller having an aggregate value in excess of 10% of the total assets of the Seller and, in the case of any of the foregoing events, is not discharged within 30 days (the "**Attached Assets**"), unless such Attached Assets (i) relate to a different business of the Seller to that generating and/or servicing the Mortgage Loans and the attachment of the encumbrance over the Attached Assets did not adversely impact

the credit quality of the Seller and (ii) are not required by the Seller to enable it to observe or perform its obligations under the Transaction Documents or the enforceability or collectability of the Loans,

provided that the provisions of paragraphs (g) and (h) above shall (A) not apply if the Seller has delivered a certificate to the Security Trustee that the occurrence of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the Securitisation Regulation); and (B) be subject to such amendment as the Seller may require so long as the Seller delivers a certificate to the Security Trustee that the amendment of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the Securitisation Regulation). The Security Trustee shall be able to rely on such certificate without further enquiry and without liability to any person.

**Servicer Termination Events:**

Subject to the prior written consent of the Security Trustee, the Issuer may, by notice in writing to the Servicer (with a copy to the Security Trustee and the Back-Up Servicer Facilitator), terminate the Servicer's appointment under the Servicing Agreement if any of the following events (each a "**Servicer Termination Event**") occurs and is continuing:

- (a) the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of 10 Business Days after:
  - (i) where the failure to pay has arisen other than as a result of a Disruption Event, upon the earlier of the Servicer becoming aware of such default and the receipt by the Servicer of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be, (with a copy to the Back-Up Servicer Facilitator) requiring the same to be remedied; or
  - (ii) where the failure to pay has arisen as a result of a Disruption Event, the cessation of the Disruption Event or, if earlier, 20 Business Days following the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be, (with a copy to the Back-Up Servicer Facilitator) requiring the same to be remedied;
- (b) the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which failure in the reasonable opinion of the Issuer (prior to the delivery of an Enforcement Notice) or the opinion of the Security Trustee (after the delivery of an Enforcement Notice) is materially prejudicial to the interests of the

Noteholders, and the Servicer does not remedy that failure within 35 Business Days after the earlier of the Servicer becoming aware of the failure or of receipt by the Servicer of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be, (with a copy to the Back-Up Servicer Facilitator) requiring the Servicer's non-compliance to be remedied;

- (c) an Insolvency Event occurs in relation to the Servicer; or
- (d) it becomes unlawful in any applicable jurisdiction for the Servicer to perform any of its obligations as contemplated by the Servicing Agreement provided that this does not result or arise from compliance by the Servicer with any instruction from the Issuer or the Security Trustee.

In determining whether to give or withhold consent to the termination of the Servicer by the Issuer, the Security Trustee will have regard to factors it deems relevant (including, for this purpose, the availability of a substitute servicer and the effect (including any potential regulatory implications) on the Issuer of not having a servicer in place at any time).

The Servicer may also resign upon giving not less than three months' written notice to the Issuer, the Security Trustee and the Back-Up Servicer Facilitator, provided that, *inter alia*, a replacement servicer has been appointed by the Issuer (subject to the prior written consent of the Security Trustee).

The resignation of the Servicer is conditional on, *inter alia*:

- (a) (if the Class A Notes remain outstanding) the resignation having no adverse effect on the then current ratings of the Class A Notes unless the Security Trustee and the Class A Noteholders (the Class A Noteholders acting by way of Extraordinary Resolution) agree otherwise; and
- (b) a substitute servicer assuming and performing all the material duties and obligations of the Servicer.

**"Disruption Event"** means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for the payments to be made in connection with a Transaction Document (or otherwise in order for the transactions contemplated by the Transaction Documents to be carried out) which disruption is not caused by, and is beyond the control of, the relevant party seeking to rely on such disruption; and/or
- (b) the occurrence of any other event which results in the disruption (of a technical or systems related nature) to the treasury or payments operations of the party seeking to rely on such disruption which prevents that party, or any other party to the Transaction Documents, from:

- (i) performing its payment obligations under the Transaction Documents; or
- (ii) communicating with any other party to a Transaction Document in accordance with the terms of the relevant Transaction Documents.

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

## TRANSACTION OVERVIEW – FEES

The following table sets out the ongoing fees to be paid by the Issuer to the Transaction Parties.

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing fees.	An amount calculated on the basis of the number of days elapsed in each calendar month over a 365-day year (or over a 366-day year in a leap year), by applying a rate of 0.25 per cent. per annum (inclusive of VAT) on the aggregate Current Balance of the Loans (excluding any Enforced Loans) on the Collection Period Start Date at the start of the immediately preceding Collection Period (the " <b>Servicer Fee</b> ").	Ahead of all outstanding Notes.	Monthly in arrear on each Interest Payment Date.
Other fees and expenses of the Issuer (including tax and audit costs).	Estimated at £150,000 each year (exclusive of VAT, where so provided in the relevant Transaction Document).	Ahead of all outstanding Notes.	Monthly in arrear on each Interest Payment Date.
Expenses related to the admission to trading of the Notes.	Estimated at £10,550 (exclusive of VAT).	Ahead of all outstanding Notes.	On or about the Closing Date.

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

## REGULATORY DISCLOSURES

### Securitisation Regulations

In this Prospectus:

"**EBA**" means the European Banking Authority;

"**EIOPA**" means the European Insurance and Occupational Pensions Authority;

"**ESMA**" means the European Securities and Markets Authority;

"**EU Affected Investor**" means each of EU-regulated credit institutions, EU-regulated investment firms, certain alternative investment fund managers which manage and/or market alternative investment funds in the EU, EU-regulated insurers or reinsurers, certain investment companies authorised in accordance with Directive 2009/65/EC, managing companies as defined in Directive 2009/65/EC, institutions for occupational retirement provision falling within the scope of Directive (EU) 2016/2341 (subject to certain exceptions), and certain investment managers and authorised entities appointed by such institutions subject thereto;

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

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

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

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

"**EUWA**" means the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) as amended, varied, superseded or substituted from time to time;

"**FCA**" means the United Kingdom Financial Conduct Authority;

"**PRA**" means the United Kingdom Prudential Regulation Authority;

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

"**UK Affected Investor**" means each of the UK CRR firms as defined by Article 4(1)(2A) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU)

No 648/2012 as it forms part of domestic law in the United Kingdom by virtue of the EUWA, certain alternative investment fund managers which manage or market alternative investment funds in the UK, UK-regulated insurers or reinsurers, certain management companies as defined in section 237(2) of the FSMA, UCITS as defined by section 236A of FSMA which is an authorised open-ended investment company as defined in section 237(3) of FSMA and occupational pension schemes as defined in section 1(1) of the Pension Schemes Act 1993;

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

"**UK Article 7 RTS**" means Commission Delegated Regulation (EU) 2020/1224 as it forms part of domestic law in the United Kingdom 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**" means the UK Article 7 RTS and the UK Article 7 ITS;

"**UK CRR**" means Regulation (EU) No 575/2013 as it forms part of domestic law in the United Kingdom 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; and

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

### *Risk Retention*

On the Closing Date, CCFS (in its capacity as originator for the purposes of: (i) the UK Securitisation Regulation and (ii) under the Transaction Documents in connection with the EU Securitisation Regulation and subject to the EU Retained Interest Conditions (defined below)) will retain on an ongoing basis a material net economic interest of not less than 5 per cent. in the securitisation (the "**Retained Interest**"): (i) in accordance with Article 6(1) of the UK Securitisation Regulation (the "**UK Retention Requirement**"); and (ii) under the Transaction Documents in connection with Article 6(1) of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) and any binding technical standards, not taking into account any relevant national measures (as contractual obligations only), but solely as such articles are interpreted and applied on the Closing Date (the "**EU Retention Requirement**" and, together with the UK Retention Requirement, the "**Retention Requirements**").

As at the Closing Date, the UK Retention Requirement and EU Retention Requirement will each be satisfied by the Seller holding the first loss tranche and other tranches having the same or a more severe risk profile than those transferred or sold to investors, in this case, represented by the retention by the Seller of the Class Z Notes: (i) in accordance with Article 6(3)(d) of the UK Securitisation Regulation; and (ii) under the Transaction Documents in connection with Article 6(3)(d) of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) as though Article 6 of the EU Securitisation Regulation applied to the transaction, not taking into account any relevant national measures (as contractual obligations only), but solely as such articles are interpreted and applied on the Closing Date

**provided that** on and from the applicable SR Equivalency Date (but only for so long as SR Equivalency is maintained), references to, and obligations in respect of, the EU Securitisation Regulation shall not apply. Any change to the manner in which such interest is held will be notified to investors. Certain undertakings in respect of the UK Retention Requirement and EU Retention Requirement are given by the Seller in the Mortgage Sale Agreement. Notwithstanding the above, each prospective EU Affected Investor should note that in respect of the EU Retention Requirement:

- the obligation of the Seller to comply with the EU Retention Requirement is strictly contractual pursuant to the terms of the Mortgage Sale Agreement and applies with respect to Article 6 of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) and any binding technical standards, not taking into account any relevant national measures, as such articles are interpreted and applied on the Closing Date only, until the applicable SR Equivalency Date; and
- the Seller will be under no obligation to comply with any amendments to applicable EU technical standards, guidance or policy statements introduced in relation thereto after the Closing Date,

the "**EU Retained Interest Conditions**".

Any change to the manner in which such interest is held will be notified to the Noteholders.

The Seller (in its capacity as originator for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation) has provided undertakings with respect to the interest to be retained by it to: (i) the Joint Lead Managers and the Arranger in the Subscription Agreement; and (ii) the Issuer and the Security Trustee in the Mortgage Sale Agreement that, for so long as any Notes remain outstanding, it will:

- (a) retain the Retained Interest in accordance with the applicable Retention Requirements (subject, in the case of the EU Retention Requirement, to the EU Retained Interest Conditions);
- (b) at all relevant times comply with the requirements of: (i) Article 7(1)(e)(iii) of the UK Securitisation Regulation by confirming the risk retention of CCFS as contemplated by Article 6(1) of the UK Securitisation Regulation; and (ii) Article 7(1)(e)(iii) of the EU Securitisation Regulation by confirming the risk retention of CCFS as contemplated by Article 6(1) of the EU Securitisation Regulation but solely as such articles are interpreted and applied on the Closing Date;
- (c) not sell, hedge or otherwise mitigate (and shall procure that none of its affiliates shall sell, hedge or otherwise mitigate) the credit risk under or associated with the Retained Interest except to the extent permitted under the UK Securitisation Regulation or as would be permitted as determined in accordance with Article 6 of the EU Securitisation Regulation as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation; and
- (d) not change the manner or form in which it holds the Retained Interest.

#### *Transparency and Reporting*

CCFS has been appointed as the designated entity under Article 7(2) of the UK Securitisation Regulation and has accepted such appointment.

In addition, subject to certain conditions, CCFS has contractually agreed to provide (or to procure the provision of) certain information and reports under Article 7 of the EU Securitisation Regulation as such requirements exist solely on the Closing Date (provided that it may comply with any amendments to such requirements at its discretion).

Under the Servicing Agreement, the Servicer has agreed to perform certain of CCFS's obligations under Article 7 of the UK Securitisation Regulation and certain of CCFS's contractually agreed obligations under



Article 7 of the EU Securitisation Regulation, in each case as more fully set out in the sections entitled "*General Information – UK Securitisation Regulation Reporting*" and "*General Information – EU Securitisation Regulation Reporting*" are published with the frequency and in the manner set out in such sections.

### *STS*

For the purposes of Article 7(2) of the UK Securitisation Regulation, CCFS, being the entity responsible for reporting the information will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf, provided that CCFS will not be in breach of such undertaking if CCFS fails to so comply due to events, actions or circumstances beyond CCFS's control. CCFS will be responsible for compliance with Article 7 of the UK Securitisation Regulation for the purposes of Article 22(5) of the UK Securitisation Regulation.

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

CCFS has obtained an STS assessment from PCS UK, the third party authorised under Article 28 of the UK Securitisation Regulation in connection with the STS verification and STS assessment. It is expected that the STS assessment prepared by PCS UK, together with detailed explanations of its scope, will be available on the website of PCS UK at <https://www.pcsmarket.org/sts-verification-transactions/>, together with detailed explanations of its scope at <https://www.pcsmarket.org/disclaimer/> on and from the Closing Date. For the avoidance of doubt, the websites and the contents thereof do not form part of this Prospectus. No assurance can be provided that the securitisation transaction described in this Prospectus does or will continue to qualify as a UK STS securitisation under the UK Securitisation Regulation as at the date of this Prospectus or at any point in time in the future.

The Notes are not intended to be designated as a simple, transparent and standardised securitisation for the purposes of the EU Securitisation Regulation ("**EU STS**"). 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 EU STS securitisation, 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.

### *Adverse selection*

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

### *Investors to assess compliance*

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in the Prospectus generally for the purposes of complying with Article 5 of the UK Securitisation Regulation in the case of prospective UK Affected Investors or Article 5 of the EU Securitisation Regulation in the case of prospective EU Affected Investors, as applicable, and any corresponding national measures which may be relevant and none of the Issuer, the Arranger, the Joint Lead Managers, the Seller nor any of the other Transaction Parties makes any representation that the information described above or in the Prospectus is sufficient in all circumstances for such purposes.

For the purposes of Article 5 of the UK Securitisation Regulation and Article 5 of the EU Securitisation Regulation, CCFS has made available the following information (or has procured that such information is made available):

- (a) confirmation that CCFS was a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013 as it forms part of domestic law in the United Kingdom by virtue of the EUWA at the time of origination of the Loans in the Portfolio;
- (b) confirmation that CCFS (as originator) will retain on an ongoing basis the Retained Interest in accordance with the applicable Retention Requirements (subject, in the case of the EU Retention Requirement, to the EU Retained Interest Conditions); and
- (c) confirmation that the Issuer will make available the information required by: (i) Article 7 of the UK Securitisation Regulation; and (ii) Article 7 of the EU Securitisation Regulation as such requirements exist solely on the Closing Date (provided that CCFS may comply with any amendments to such requirements at its discretion), in accordance with the frequency and modalities provided for in such articles.

Please refer to the risk factors entitled "*Risk Factors – Legal Risks 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*" for further information on the implications of the EU Securitisation Regulation and the UK Securitisation Regulation and certain other related matters.

### **UK CRA Regulation**

The credit ratings included or referred to in this Prospectus are expected to be assigned, on issue, by Fitch and Moody's.

The UK CRA Regulation may require, among other things, issuers or related third parties intending to solicit a credit rating of a structured finance instrument to appoint at least two credit rating agencies to provide credit ratings independently of each other. As such, UK-regulated investors are required to use, for UK regulatory purposes, ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to: (i) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended; and (ii) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use, for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied. Additionally, the UK CRA Regulation requires certain additional disclosure to be made in respect of structured finance transactions. The credit ratings included or referred to in this Prospectus have been issued by Moody's and Fitch, each of which is established in the UK and is registered under the UK CRA Regulation.

For further information, please refer to the sections entitled "*Risk Factors – Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes and/or decrease liquidity in respect of the Notes*" and "*The Loans*".

### **The Volcker Rule**

The Issuer is of the view that it is not, and solely after giving effect to any offering and sale of Notes and the application of the proceeds thereof will not be, a "covered fund" for the purposes of the Volcker Rule.

In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and under the Volcker Rule and its related regulations, may be available, the issuing entity 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 is not structured to be a "covered fund" as defined for the purposes of the Volcker Rule. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

## 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 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 Loans in the Portfolio. In addition, the weighted average lives of the Notes, should they not be called on or after the Optional Redemption Date, will be influenced by, *inter alia*, the amount of Available Revenue Receipts used as Enhanced Amortisation Amounts in accordance with item (l) of the Pre-Enforcement Revenue Priority of Payments.

The actual weighted average lives of the Notes cannot be stated, as the ultimate rate of prepayment 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.

The following tables were prepared based on the characteristics of the loans included in the Provisional Portfolio, the provisions of the Conditions, and the following additional assumptions (the "**Modelling Assumptions**").

### Modelling Assumptions:

- (a) no Loan becomes delinquent or is enforced for so long as the Notes remain outstanding;
- (b) no Loan is required to be repurchased by the Seller, whether as a result of a breach of Loan Warranty, or otherwise;
- (c) the Notes are issued on 15 May 2024 and all payments on the Notes are received on the 16th day (or on a day specified by the swap schedule provided) of each month, with the first Interest Payment Date falling on 16th June 2024;
- (d) the Portfolio as at the beginning of the first Collection Period is the same as the Provisional Portfolio as at the Portfolio Reference Date;
- (e) no interest accrues on the Deposit Account;
- (f) Compounded Daily SONIA is equal to 5.20 per cent.;
- (g) the fixed rate under the Swap Agreement is 4.5 per cent.;
- (h) the weighted average margin over Compounded Daily SONIA of the Collateralised Notes is 60 per cent on the Closing Date and from (and including) the Optional Redemption Date, the Class A Note margin over Compounded Daily SONIA is multiplied by 1.5;
- (i) no Enforcement Notice is served on the Issuer, no Event of Default has occurred and the Security is not enforced;
- (j) amounts required to pay items (a) to (c) and (e) of the Pre-Enforcement Revenue Priority of Payments on each Interest Payment Date are:
  - (i) £150,000, per annum; and
  - (ii) 0.25 per cent. of the aggregate Current Balance of the Loans at the start of each Collection Period, per annum, where each Interest Period consists of the actual number of days in the relevant period and 365 days in the relevant year;

- (k) the Swap Agreement is not terminated and the Swap Provider fully complies with its obligations under the Swap Agreement;
- (l) with respect to the Loans, each month consists of 30 calendar days, and each year, 360 days, and with respect to the Notes and the Swap Transaction, each month consists of the actual number of days in the relevant month and 365 days in the relevant year;
- (m) the Principal Amount Outstanding of the Notes as at the Closing Date is, in the respect of the Class A Notes 91.25 per cent. and, in respect of the Class Z Notes 8.75 per cent. and, in respect of the Class X Notes 5 per cent. of the aggregate current balance of the Loans assuming current balance of the Loans is £498,548,411;
- (n) the Bank of England Base Rate is equal to 5.25 per cent.; and
- (o) the Libor replacement rate is equal to 5.25 per cent.

The actual characteristics and performance of the 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 cashflows might behave under various prepayment scenarios. For example, the Issuer does not expect that the Loans will prepay at a constant rate until maturity, or that there will be no defaults or delinquencies on the Loans. Any difference between the Modelling Assumptions and, *inter alia*, the actual prepayment or loss experience on the 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 CPR.

"CPR" means, on any Calculation Date, the annualised principal prepayment rate of all the Loans during the previous Collection 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 Collection Period divided by the aggregate outstanding principal balance of the Loans as at the first day of that Collection Period.

Assuming the Call Option is exercised on the Optional Redemption Date

<b>CPR Pricing*</b>	<b>Class A</b>
<b>0%</b>	2.92
<b>5%</b>	4.74
<b>10%</b>	4.14
<b>15%</b>	3.61
<b>20%</b>	3.14
<b>25%</b>	2.73
<b>30%</b>	2.36
	2.03

\* Pricing CPR 20% for 19 months, 10% for 18 months, then 25%

Assuming the Call Option is not exercised

<b>CPR Pricing*</b>	<b>Class A</b>
<b>0%</b>	3.23
<b>5%</b>	10.10
<b>10%</b>	6.88
<b>15%</b>	5.03
<b>20%</b>	3.86
<b>25%</b>	3.06
<b>30%</b>	2.49
	2.07

\* Pricing CPR 20% for 19 months, 10% for 18 months, then 25%

For more information in relation to the risks involved in the use of the average lives estimated above, see "*Risk Factors – Risks relating to the availability of funds to make payments on the Notes – The yield to maturity on the Notes may be affected by, among other things, prepayments made by Borrowers on their Loans*" above.

## EARLY REDEMPTION OF THE COLLATERALISED NOTES

The Seller may exercise the Call Option granted by the Issuer pursuant to the Mortgage Sale Agreement, requiring the Issuer to sell the Portfolio. The Issuer is not permitted to dispose of the Portfolio in any other circumstances (other than in relation to an enforcement of the Security or the repurchase of a Loan and its Related Security by the Seller pursuant to the Mortgage Sale Agreement).

Pursuant to and subject to the terms of the Mortgage Sale Agreement, the Issuer will grant to the Seller the following rights (collectively, the "**Call Option**"), which may be exercised at any time on or after the Optional Purchase Commencement Date, the right to require the Issuer to sell and transfer to the Seller or a Third Party Purchaser (as identified in the Exercise Notice, the "**Beneficial Title Transferee**") the beneficial title to all (but not some) of the Loans and their Related Security comprising the Portfolio (the "**Whole Beneficial Title**") in consideration for the Optional Purchase Price.

The Call Option may be exercised at any time on or after the Optional Purchase Commencement Date by notice from the Seller to the Issuer, with a copy to the Security Trustee and each of the Rating Agencies (such notice, an "**Exercise Notice**"), that the Seller wishes to exercise the Call Option, for effect on an Interest Payment Date following the service of the Exercise Notice (the Interest Payment Date identified as the date on which the purchase by the Beneficial Title Transferee of the Whole Beneficial Title is expected to be completed pursuant to the terms of the Mortgage Sale Agreement being the "**Optional Purchase Completion Date**").

### Optional Purchase Price

The purchase price for the Loans and their Related Security comprising the Portfolio pursuant to the Call Option shall be an amount equal to the greater of:

- (a) the aggregate Current Balance of the Loans (excluding any Enforced Loans) comprising the Portfolio determined as at the Collection Period Start Date immediately preceding the Optional Purchase Completion Date; and
- (b) without double counting, the greater of:
  - (i) zero; and
  - (ii) an amount equal to:
    - (A) the amount required by the Issuer to pay in full all amounts payable under items (a) to (k) (inclusive) of the Pre-Enforcement Revenue Priority of Payments and items (a) to (c) (inclusive) of the Pre-Enforcement Redemption Priority of Payments, in each case on the immediately following Interest Payment Date;  
  
*less*
    - (B) any Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer, excluding any amounts standing to the credit of the General Reserve Fund,

in each case, plus: (i) the Issuer's costs and expenses associated with transferring its interests in any Loan and its Related Security to the Seller or its nominee (if any); and (ii) an amount agreed between the Issuer and the Seller in respect of costs anticipated to be incurred by the Issuer after the Optional Purchase Completion Date (the "**Optional Purchase Price**").

Prospective investors should note that paragraph (b)(ii)(A) of the definition of the Optional Purchase Price does not include payment of principal and/or interest on the Class X Notes. Redemption of the Class X Notes

in such a scenario will be subject to the availability of funds standing to the credit of the General Reserve Fund at such time.

In connection with the exercise of the Call Option, the Beneficial Title Transferee will agree with the Issuer to: (i) deposit an amount equal to the Optional Purchase Price in either an escrow account in the name of the Beneficial Title Transferee or in any other account as may be agreed between the Issuer and the Beneficial Title Transferee; or (ii) provide irrevocable payment instructions for an amount equal to the Optional Purchase Price for value on the Optional Purchase Completion Date to the Deposit Account or such other account as may be agreed between the Issuer and the Beneficial Title Transferee, provided that such deposit shall be made or irrevocable payment instructions shall be given no later than: (x) two Business Days prior to the Optional Purchase Completion Date; or (y) such other date as the Issuer, at its sole discretion, and the Beneficial Title Transferee may agree, provided further that the Optional Purchase Price or irrevocable payment instructions (as applicable) must be received by the Issuer in sufficient time to enable the Issuer to provide notice of redemption of the Collateralised Notes to the Noteholders pursuant to Condition 8.3 (*Mandatory Redemption of the Notes in Full*) or 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*) (as applicable); and/or (iii) take any other action as may be agreed by the Beneficial Title Transferee, the Issuer and the Security Trustee in relation to the payment of the Optional Purchase Price.

### **Redemption of the Collateralised Notes**

On the Optional Purchase Completion Date, the Optional Purchase Price will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and will result in the Collateralised Notes being redeemed in full.

Any Revenue Receipts or Redemption Receipts received by the Issuer from and including the Collection Period Start Date immediately prior to the Optional Purchase Completion Date up to and including the Optional Purchase Completion Date (such amounts being "**Optional Purchase Collections**") will be payable to or for the account of the Beneficial Title Transferee and the Issuer shall transfer all such amounts to or for the account of the Beneficial Title Transferee on the Optional Purchase Completion Date.

The Issuer has covenanted in the Mortgage Sale Agreement in favour of the Seller 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.

In this Prospectus:

"**Optional Purchase Commencement Date**" means the earlier of:

- (a) the Collection Period Start Date immediately preceding the Optional Redemption Date; or
- (b) any Collection Period Start Date on which the aggregate Current Balance of the Loans (excluding any Enforced Loans) is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Collateralised Notes on the Closing Date; or
- (c) any Business Day following the occurrence of a Redemption Event.

"**Third Party Purchaser**" means a third party purchaser of the beneficial title to the Loans and their Related Security as nominated by the Seller in the Exercise Notice.



## **USE OF PROCEEDS**

On the Closing Date, the Cash Manager on behalf of the Issuer will use the gross proceeds of the Collateralised Notes and part of the proceeds of the Class X Notes (other than the amounts described in paragraphs (a) and (b) below) to pay the Initial Consideration payable by the Issuer for the Portfolio to be acquired from the Seller on the Closing Date.

On the Closing Date, the Issuer will use part of the proceeds of the Class X Notes to:

- (a) establish the General Reserve Fund; and
- (b) pay any premium due to the Swap Provider in connection with the entry into the Swap Agreement.

## RATINGS

The Notes, on issue, are expected to be assigned the following ratings by Fitch and Moody's. A security 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 so warrant.

<b>Class of Notes</b>	<b>Fitch</b>	<b>Moody's</b>
Class A Notes	AAAsf	Aaa(sf)
Class Z Notes	Not rated	Not rated
Class X Notes	Not rated	Not rated

The ratings assigned to the Class A Notes by both Fitch and Moody's address, *inter alia* (a) the likelihood of full and timely payment to the holders of the Class A Notes, and of all payments of interest on each Interest Payment Date and (b) the likelihood of ultimate payment to the Noteholders of principal in relation to the Class A Notes on or prior to the Final Maturity Date. The ratings assigned to the Class A Notes by Moody's also address, *inter alia*, the expected loss to a Noteholder in proportion to the Principal Amount Outstanding on the Closing Date of the Class A Notes held by such Noteholder on the Final Maturity Date.

As of the date of this Prospectus, each of Fitch and Moody's is included on the list of registered and certified credit rating agencies that is maintained by the FCA.

The Class Z Notes and the Class X Notes will not be rated.

## THE ISSUER

### Introduction

The Issuer was incorporated in England and Wales on 15 March 2024 (registered number 15563702) as a public limited company under the Companies Act 2006. The registered office of the Issuer is 10th Floor, 5 Churchill Place, London E14 5HU. The telephone number of the Issuer's registered office is +44 (0) 207 513 2388. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each of which one share is fully paid-up and 49,999 shares are quarter-paid and all shares are held by Holdings (see "*Holdings*" below).

The Issuer has no Subsidiaries. The Seller does not own directly or indirectly any of the share capital of Holdings or the Issuer.

The Issuer was established as a special purpose vehicle solely for the purpose of issuing asset-backed notes. The Issuer is permitted, pursuant to the terms of its articles of association, *inter alia*, to issue the Notes. The Issuer will covenant to observe certain restrictions on its activities which are set out in Condition 5(b) (*Covenants*).

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.

The Issuer has not engaged, since its incorporation, in any material activities nor commenced operations other than those incidental to its registration as a public company under the Companies Act 2006 (as amended) and to the proposed issue of the Notes and the authorisation of the other Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing. The Issuer, as necessary, has made the information filing and fee payment under the Data Protection (Charges and Information) Regulations 2018. As at the date of this Prospectus, statutory accounts have not yet been prepared or delivered to the Registrar of Companies on behalf of the Issuer. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2024.

There is no intention to accumulate surpluses in the Issuer (other than amounts standing to the credit of the Issuer Profit Ledger and the General Reserve Fund Ledger).

The legal entity identifier number of the Issuer is 635400EASW5CTLLQAS73.

The Issuer has its "centre of main interests" in the United Kingdom and will be subject to the insolvency laws of England and Wales.

### Directors

The directors of the Issuer and their respective business addresses and occupations are:

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

<b>Name</b>	<b>Business Address</b>	<b>Business Occupation</b>
Debra Parsall	10th Floor, 5 Churchill Place, London E14 5HU	Director

The directors of CSC Directors (No. 1) Limited and CSC Directors (No. 2) Limited and their principal activities are as follows:

<b>Name</b>	<b>Business Address</b>	<b>Principal Activities</b>
Charmaine De Castro	10th Floor, 5 Churchill Place, London E14 5HU	Director
Debra Parsall	10th Floor, 5 Churchill Place, London E14 5HU	Director
Jonathan Hanly	10th Floor, 5 Churchill Place, London E14 5HU	Director
Raheel Shehzad Khan	10th Floor, 5 Churchill Place, London E14 5HU	Director
Renda Manyika	10th Floor, 5 Churchill Place, London E14 5HU	Director
Catherine McGrath	10th Floor, 5 Churchill Place, London E14 5HU	Director
John Paul Nowacki	3rd Floor Fleming Court, Fleming's Place, Dublin 4, Ireland	Director
Aline Sternberg	10th Floor, 5 Churchill Place, London E14 5HU	Director
Oskari Tammenmaa	10th Floor, 5 Churchill Place, London E14 5HU	Director
Jordina Walker	10th Floor, 5 Churchill Place, London E14 5HU	Director
Alasdair Watson	10th Floor, 5 Churchill Place, London E14 5HU	Director
Helena Whitaker	10th Floor, 5 Churchill Place, London E14 5HU	Director

The Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees) as at the date of this Prospectus.

## HOLDINGS

### Introduction

Holdings was incorporated in England and Wales on 15 March 2024 (registered number 15563629) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is 10th Floor, 5 Churchill Place, London E14 5HU. The issued share capital of Holdings comprises one ordinary share of £1. CSC Corporate Services (UK) Limited (the "**Share Trustee**") holds the entire beneficial interest in the issued share under a discretionary trust for discretionary purposes. Holdings holds 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:

<b>Name</b>	<b>Business Address</b>	<b>Business Occupation</b>
CSC Directors (No. 1) Limited	10th Floor, 5 Churchill Place, London E14 5HU	Corporate Director
CSC Directors (No. 2) Limited	10th Floor, 5 Churchill Place, London E14 5HU	Corporate Director
Debra Parsall	10th Floor, 5 Churchill Place, London E14 5HU	Director

The directors of CSC Directors (No. 1) Limited and CSC Directors (No. 2) Limited and their respective occupations are:

<b>Name</b>	<b>Business Address</b>	<b>Principal Activities</b>
Charmaine De Castro	10th Floor, 5 Churchill Place, London E14 5HU	Director
Debra Parsall	10th Floor, 5 Churchill Place, London E14 5HU	Director
Jonathan Hanly	10th Floor, 5 Churchill Place, London E14 5HU	Director
Raheel Shehzad Khan	10th Floor, 5 Churchill Place, London E14 5HU	Director

<b>Name</b>	<b>Business Address</b>	<b>Principal Activities</b>
Renda Manyika	10th Floor, 5 Churchill Place, London E14 5HU	Director
Catherine McGrath	10th Floor, 5 Churchill Place, London E14 5HU	Director
John Paul Nowacki	3rd Floor Fleming Court, Fleming's Place, Dublin 4, Ireland	Director
Aline Sternberg	10th Floor, 5 Churchill Place, London E14 5HU	Director
Oskari Tammenmaa	10th Floor, 5 Churchill Place, London E14 5HU	Director
Jordina Walker	10th Floor, 5 Churchill Place, London E14 5HU	Director
Alasdair Watson	10th Floor, 5 Churchill Place, London E14 5HU	Director
Helena Whitaker	10th Floor, 5 Churchill Place, London E14 5HU	Director

The accounting reference date of Holdings is 31 December and the first statutory accounts of Holdings will be drawn up to 31 December 2024.

Holdings has no employees.

## THE SELLER AND THE SERVICER

Charter Court Financial Services Limited ("CCFS") is the Seller and the Servicer.

### Introduction and Formation

CCFS's registered office is 2 Charter Court, Broadlands, Wolverhampton WV10 6TD. CCFS is a specialist lending and retail savings bank authorised by the Prudential Regulation Authority ("**PRA**"), part of the Bank of England, and regulated by the Financial Conduct Authority and the PRA under FRN 494549. CCFS was incorporated as a private limited company in England on 14 November 2008 (registered number 06749498). CCFS is 100 per cent. owned by CCFSG Holdings Limited ("**CCFSG**"). On 4 October 2019, OneSavings Bank plc ("**OSB**") acquired CCFSG and its subsidiary businesses. On 30 November 2020, OSB GROUP PLC became the listed entity and holding company for OSB and its consolidated subsidiary undertakings (including CCFS and CCFSG) (the "**OSB Group**"). OSB GROUP PLC is currently rated BBB (long-term issuer default rating) by Fitch and Baa2 (long-term issuer rating) by Moody's.

### Business and Strategy

Through its Precise Mortgages brand, CCFS targets specialist mortgage market sub-segments with a focus on specialist buy-to-let mortgages secured on residential property held for investment purposes by both non-professional and professional landlords. It also provides specialist residential mortgages to owner-occupiers, secured against residential properties, including those unsupported by the high street banks. In addition, it provides short-term bridging, secured against residential property in both the regulated and unregulated sectors. It uses an automated underwriting platform to manage mortgage applications and to deliver a decision in principle, based on its lending policy rules and credit scores. The platform is underpinned by underwriting expertise. The platform allows for consistent underwriting within the OSB Group's risk appetite. A manual verification process further strengthens the disciplined approach to credit risk.

CCFS is predominantly funded by retail savings originated through its Charter Savings Bank brand. Diversification of funding is currently provided by securitisation transactions and the Bank of England's funding schemes.

CCFS was at the time of origination of the loans in the Portfolio originated on or after 6 January 2015 a credit institution as defined in point (1) of Article 4.1 of UK CRR and has significantly more than five years of experience in the servicing, origination and underwriting of mortgage loans similar to those in the Portfolio.

## **THE CASH MANAGER**

U.S. Bank Global Corporate Trust 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 Global Corporate Trust 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 and U.S. Bank Trust Company, National Association, (the legal entities 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](http://www.usbank.com).



## **ISSUER ACCOUNT BANK AND THE CUSTODIAN**

U.S. Bank Global Corporate Trust is a trading name under which a number of U.S. Bancorp group companies, including Elavon Financial Services DAC, UK Branch, provide corporate trust services on a worldwide basis. Regulated banking services provided by U.S. Bank Global Corporate Trust in Europe are contracted through the head office of Elavon Financial Services DAC, UK Branch in Dublin or through its UK Branch from its offices in London at 125 Old Broad Street, London EC2N 1AR, United Kingdom according to applicable regulatory requirements.

Elavon Financial Services DAC, UK Branch is a bank incorporated in Ireland and an indirect wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services DAC, UK Branch is regulated by the Central Bank of Ireland. and the activities of its UK Branch are authorised by the Central Bank of Ireland and the Prudential Regulation. The UK Branch is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

In the United States, U.S. Bank Global Corporate Trust provides trust services through U.S. Bank Trust Company, National Association and deposit and custody services through U.S. Bank National Association, both of which are banks regulated by the Office of the Comptroller of the Currency and in combination with its European operations 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](http://www.usbank.com).

## **THE NOTE TRUSTEE AND 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, UK Branch (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 and U.S. Bank Trust Company, National Association, (the legal entities 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](http://www.usbank.com).

## **THE SWAP PROVIDER**

Lloyds Bank Corporate Markets plc ("**LBCM**") is a public limited company registered in England and Wales under number 10399850. LBCM's registered head office is at 25 Gresham Street, London, EC2V 7HN, United Kingdom. LBCM is authorised by the PRA and regulated by the FCA and the PRA. LBCM is a wholly owned subsidiary of Lloyds Banking Group plc.

## THE COLLECTION ACCOUNT BANK

Barclays Bank PLC (for the purposes of this section, "*The Collection Account Bank*", the "**Bank**", and together with its subsidiary undertakings, the "**Barclays Bank Group**") is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered head office at 1 Churchill Place, London E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Bank was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'. The whole of the issued ordinary share capital of the Bank is beneficially owned by Barclays PLC. Barclays PLC (together with its subsidiary undertakings, the "**Group**" or "**Barclays**") is the ultimate holding company of the Group. The Bank's principal activity is to offer products and services designed for larger corporate, wholesale and international banking clients.

Barclays is a British universal bank, supporting individuals and small businesses through its consumer banking services, and larger businesses and institutions through its corporate and investment banking services. Barclays is diversified by business, geography and income type. The Group's operations include consumer banking and payment services in the UK, U.S. and Europe, as well as a global corporate and investment bank. The Group operates as two divisions – the Barclays UK ("**Barclays UK**") division and the Barclays International ("**Barclays International**") division – which are supported by Barclays Execution Services Limited, the Group-wide service company providing technology, operations and functional services to businesses across the Group. Barclays UK consists of UK Personal Banking, UK Business Banking and Barclaycard Consumer UK businesses. These businesses are carried on by its UK ring-fenced bank, Barclays Bank UK PLC ("**BBUKPLC**") and certain other entities within the Group. Barclays International consists of Corporate and Investment Bank and Consumer, Cards and Payments businesses. These businesses operate within its non-ring-fenced bank, the Bank and its subsidiaries, and by certain other entities within the Group.

The short term unsecured obligations of the Bank are rated A-1 by S&P Global Ratings UK Limited ("**S&P**"), P-1 by Moody's and F1 by Fitch and the unsecured unsubordinated long term obligations of the Bank are rated A+ by S&P, A1 by Moody's and A+ by Fitch. The Bank's credit ratings included or referred to in this Prospectus will be treated for the purposes of the UK CRA Regulation as having been issued by Fitch, Moody's and S&P, each of which is established in the United Kingdom and has been registered under the UK CRA Regulation. The ratings Fitch, Moody's and S&P have given in relation to the Bank are endorsed by Fitch Ratings Ireland Limited, Moody's Deutschland GmbH and S&P Global Ratings Europe Limited respectively, each of which is established in the EEA and registered under Regulation (EU) No 1060/2009 on credit rating agencies.

Based on the Barclays Bank Group's audited financial information for the year ended 31 December 2022, the Barclays Bank Group had total assets of £1,203,537m (December 2021: £1,061,778m), loans and advances at amortised cost of £182,507m (December 2021: £145,259m), total deposits at amortised cost of £291,579m (December 2021: £262,828m), and total equity of £58,953m (December 2021: £56,317m). The profit before tax of the Barclays Bank Group for the year ended 31 December 2022 was £4,867m (December 2021: £5,418m) after credit impairment charges of £933m (December 2021: credit impairment releases of £277m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Bank for the year ended 31 December 2022, as set out in the 2022 20-F.

Based on the Barclays Bank Group's unaudited financial information for the six months ended 30 June 2023, the Barclays Bank Group had total assets of £1,246,636m (December 2022: £1,203,537m), loans and advances at amortised cost of £183,237m (December 2022: £182,507m), total deposits at amortised cost of £307,820m (December 2022: £291,579m), and total equity of £58,348m (December 2022: £58,953m). The profit before tax of the Barclays Bank Group for the six months ended 30 June 2023 was £3,132m (June 2022: £2,605m) after credit impairment charges of £688m (June 2022: credit impairment charges of £293m). The financial

information in this paragraph is extracted from the unaudited condensed consolidated interim financial statements of the Bank for the six months ended 30 June 2023.

## **THE CORPORATE SERVICES PROVIDER AND BACK-UP SERVICER FACILITATOR**

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

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

## THE LOANS

### **The Portfolio**

#### **Introduction**

The following is a description of some of the characteristics of the Loans including details of loan types and selected statistical information.

The Seller procured the selection of the Loans for transfer into the Provisional Portfolio, using a system containing defined data on each of the qualifying loans. This system allows the setting of exclusion criteria, among others, corresponding to relevant Loan Warranties that the Seller will make in the Mortgage Sale Agreement in relation to the Loans. Once the criteria have been determined, the system identifies all loans owned by the Seller that are consistent with the criteria. The Loans selected for transfer into the Provisional Portfolio are representative of the residential owner-occupied loans meeting the selection criteria which the Seller holds immediately prior to the sale of the Portfolio. After a pool of Loans is selected in this way, the constituent Loans are monitored so that they continue to comply with the Loan Warranties on the Closing Date.

Unless otherwise indicated, the description that follows relates to types of loans that could be sold to the Issuer as part of the Portfolio as at the Closing Date.

#### ***The Portfolio***

The Portfolio from time to time after the Closing Date will comprise loans advanced to the Borrowers upon the security of owner-occupied residential property situated in England and Wales, such loans acquired pursuant to the Mortgage Sale Agreement, other than Loans which have been repaid or which have been purchased from the Issuer pursuant to the Mortgage Sale Agreement.

There has been no revaluation of any Property for the purposes of the issuance of the Notes and the valuations quoted are those obtained prior to the origination of the Loans in accordance with the Lending Criteria.

#### ***Origination of the Portfolio***

The Portfolio comprises Loans originated by CCFS under its trading name of Precise Mortgages.

#### ***Security***

All of the Loans are secured by first ranking mortgages.

#### **Characteristics of the Loans**

##### ***Interest Rate Types***

The Portfolio consists of Loans which have (currently or after an initial specific period during which the interest rate applicable to that Loan is a fixed rate of interest) a variable interest rate (the "**Floating Mortgage Rate**") that is based on BBR or SONIA plus, for each mortgage, a fixed margin expressed as a percentage over the Floating Mortgage Rate.

The assessment of a Borrower's creditworthiness is conducted in accordance with the Lending Criteria and, where appropriate, shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU.

### ***Repayment Terms***

Loans may combine one or more of the features listed in this section. Other customer incentives may be offered with the product including free valuations and payment of legal fees. Overpayments are allowed on all products, within certain limits. See "*Overpayments and Early Repayment Charges*" below.

Loans are typically repayable on one of the following bases:

- **Repayment Loan:** the Borrower makes monthly payments of both interest and principal so that, when the Loan matures, the full amount of the principal of the Loan will have been repaid;
- **Interest-only Loan:** the Borrower makes monthly payments of interest but not of principal so that, when the Loan matures, the entire principal amount of the Loan is still outstanding and is payable in one lump sum; and
- a combination of both these options.

The required monthly payment in respect of the Loans may alter from month to month for various reasons, including changes in interest rates.

For Interest-only Loans, because the principal is repaid in a lump sum at the maturity of the loan, the Borrower is required to have a credible repayment strategy (such as an investment plan or the sale of the property) which is intended to provide sufficient funds to repay the principal at the end of the term.

Principal prepayments may be made in whole or in part at any time during the term of a Loan, subject to the payment of any Early Repayment Charges (as described in "*Overpayments and Early Repayment Charges*" below). A prepayment of the entire outstanding balance of a loan discharges the mortgage. Any prepayment in full must be made together with all accrued interest, arrears of interest, any unpaid expenses and any applicable repayment fee(s).

Various methods are available to Borrowers for making payments on the Loans, including:

- Direct Debit from a bank or building society account; and
- Standing Order from a bank or building society account.

### ***Overpayments and Early Repayment Charges***

**Overpayments** – Overpayments of principal in full or in part are allowed on all products, although an Early Repayment Charge may be payable. Borrowers may either increase their regular monthly payments above the normal monthly payment then applicable or make lump sum payments at any time.

**Early Repayment Charges** – The Borrower may be required to pay an Early Repayment Charge if certain events occur during an initial predetermined product period and the Servicer has not waived or revised its policy with regards the payment of early repayment charges. These events include a full or partial unscheduled repayment of principal (above a nominal amount) prior to the loan's reversion date. If all or part of the principal owed by the Borrower, other than the scheduled monthly payments, is repaid before the end of the initial product period, the Borrower will be liable to pay to the Seller (for the benefit of the Issuer) a repayment fee based on the amount repaid.

### ***Title to the Portfolio***

Pursuant to and under the terms of the Mortgage Sale Agreement dated on or about the Closing Date, the Seller will transfer to the Issuer the equitable title to the Loans and their Related Security. The Seller has agreed to



transfer legal title to the Loans and their Related Security to the Issuer, and the Issuer has undertaken to seek the transfer of legal title, only following the occurrence of a Perfection Event (as set out below).

None of the above-mentioned transfers to the Issuer is to be completed by registration at the Land Registry or notice given to the relevant Borrowers until the occurrence of one of the events mentioned below. The Loans in the Portfolio and their Related Security are accordingly owned in equity only by the Issuer pending such registration and notification. Legal title in the Loans and their Related Security will continue to be vested in the Seller until the occurrence of a Perfection Event. In the case of the Loans secured over registered land in England or Wales which will be transferred to the Issuer on the Closing Date, the Seller has agreed to remain on the Land Registry as the legal mortgagee. Following the occurrence of a Perfection Event, the Seller has agreed, in the Mortgage Sale Agreement, to transfer legal title to the Issuer, which transfer will be perfected by steps including filing forms at the Land Registry and notifying the Borrowers of such transfer, as applicable, by the Issuer.

The Issuer will grant a first fixed charge in favour of the Security Trustee over its interest in the Loans.

Save as mentioned below, the Security Trustee has undertaken not to effect any registration at the Land Registry to perfect the sale of the Loans to the Issuer or the granting of security over the Loans by the Issuer in favour of the Security Trustee nor, save as mentioned below, to obtain possession of Title Deeds to the properties the subject of the Loans.

Notices of the equitable assignments or declarations of trust in favour of the Issuer and the security in favour of the Security Trustee will not, save as mentioned below, be given to the Borrowers under the Loans.

As noted above, until the occurrence of a Perfection Event, the Issuer and the Security Trustee will not take actions to effect a transfer of legal title to the Loans and their Related Security to the Issuer. The following events constitute Perfection Events:

- (a) the Seller being required to perfect legal title to the Loans by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Seller or by any organisation of which the Seller is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders and with whose instructions it is customary for the Seller to comply, to perfect legal title to the Loans and their Related Security; or
- (b) it becoming necessary by law to do any or all of the acts referred to in paragraph (a) above; or
- (c) the security created under or pursuant to the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy; or
- (d) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee; or
- (e) an Insolvency Event occurring in relation to the Seller; or
- (f) it becoming unlawful in any applicable jurisdiction for the Seller to hold legal title in respect of any Loan in the Portfolio; or
- (g) the Seller is in breach of its obligations under the Mortgage Sale Agreement, but only if (i) such breach, where capable of remedy, is not remedied to the reasonable satisfaction of (prior to the delivery of an Enforcement Notice) the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee (acting in accordance with the Deed of Charge) within 90 calendar days and (ii) Moody's and/or Fitch shall have provided confirmation that the then current ratings of the Notes will be withdrawn, downgraded or qualified as a result of such breach; or

- (h) an encumbrancer takes possession or a Receiver is appointed to any part of the undertaking, property and assets of the Seller having an aggregate value in excess of 10% of the total assets of the Seller or a distress, diligence or execution is levied or enforced upon or sued out against any part of the chattels or property of the Seller having an aggregate value in excess of 10% of the total assets of the Seller and, in the case of any of the foregoing events, is not discharged within 30 days (the "**Attached Assets**"), unless such Attached Assets (i) relate to a different business of the Seller to that generating and/or servicing the Mortgage Loans and the attachment of the encumbrance over the Attached Assets did not adversely impact the credit quality of the Seller and (ii) are not required by the Seller to enable it to observe or perform its obligations under the Transaction Documents or the enforceability or collectability of the Loans,

provided that the provisions of paragraphs (g) and (h) above shall (A) not apply if the Seller has delivered a certificate to the Security Trustee that the occurrence of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the Securitisation Regulation); and (B) be subject to such amendment as the Seller may require so long as the Seller delivers a certificate to the Security Trustee that the amendment of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the UK Securitisation Regulation). The Security Trustee shall be able to rely on such certificate without further enquiry and without liability to any person.

"**OSB Group**" means the consolidated group regulated by the PRA of which CCFS is a member.

Following the occurrence of a Perfection Event, the Issuer and the Security Trustee will each be entitled to take all necessary steps to perfect legal title to its interests in the Loans and their Related Security, including the carrying out of any necessary registrations, recordings and notifications. In furtherance of these rights, the Seller has granted the Issuer and the Security Trustee an irrevocable power of attorney to take certain action in the name of the Seller (including action required to perfect a legal transfer of the Loans and their Related Security).

#### ***Warranties and Breach of Warranties in relation to the Loans***

The Mortgage Sale Agreement contains certain representations and warranties given by the Seller in favour of the Issuer in relation to the Loans and their Related Security sold to the Issuer pursuant to the Mortgage Sale Agreement.

No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee would normally be expected to carry out have been or will be made by the Issuer. The Issuer will rely entirely on the benefit of the representations and warranties given to it under the Mortgage Sale Agreement.

If there is an unremedied material breach of any of the Loan Warranties given under the Mortgage Sale Agreement, then the Seller is required to repurchase the relevant Loan pursuant to the Mortgage Sale Agreement for consideration in cash equal to the sum of: (a) the Current Balance of the relevant Loan (or the aggregate of the Current Balances of the relevant Loans, as the case may be) as at the last day of the Monthly Period immediately preceding the date of repurchase minus (i) the amount of any reduction in Current Balance as a result of the exercise of any set-off right which the relevant Borrower(s) have against the Seller, and (ii) the amount of any Further Advance; and (b) an amount equal to the Repurchase Costs (if any) in connection with such repurchase. If a Loan has never existed, or has ceased to exist, such that it is not outstanding on the date on which it is due to be repurchased then the Seller shall indemnify the Issuer and the Security Trustee against any loss, costs or expenses suffered by reason of any Loan Warranty relating to or otherwise affecting that Loan being untrue or incorrect.

#### ***Lending Criteria***

As at the date of this Prospectus, CCFS offers a number of different products, including first ranking mortgage loans and bridging loans. The loans comprised in the Portfolio will all consist of loans originated by the Seller and secured by a first charge against residential properties located in England or Wales. All relevant Borrowers

are required to have good and marketable title or long lease title to the relevant Property free from any encumbrance (except the relevant Mortgage) which would adversely affect such title.

Save for Title Deeds held at the Land Registry, all the Title Deeds and any relevant mortgage files and computer tapes relating to each of the Loans and their Related Security are held by the Seller or the Servicer (on behalf of the Seller) or its solicitors or agents and the Title Deeds are held in dematerialised form or are returned to the relevant instructed solicitors.

Only properties of suitable construction are considered acceptable as security and properties including (but not limited to) the following are not acceptable to CCFS:

- property where commercial usage exceeds 20 per cent.;
- flats or maisonettes in blocks exceeding 20 storeys;
- mobile homes and houseboats;
- property where saleability may be adversely affected by local planning or by an unsatisfactory mining search; and
- any other property deemed unsuitable security by the valuer.

In relation to its residential owner-occupied lending, CCFS lends to individuals only and not to companies. Individuals are required to (a) be a national of the UK, (b) be a national of a Member State of the European Economic Area, or (c) otherwise have permanent rights to reside in the UK. Where individuals qualify under either (b) or (c) they are also required to have been a resident in the UK for the last 3 years.

CCFS does not accept any re-mortgage applications within 12 months of either the original purchase date of the property or the last re-mortgage date, other than (i) where the application is to exit a bridging loan provided by CCFS or (ii) where the property in question has recently been inherited.

The minimum loan amount is £25,001 and the maximum single loan amount is £2,000,000. The minimum term of a loan is five years, and the maximum term is 35 years. The minimum age of borrowers at the time of application is 21 years old. The maximum age of contributory borrowers at the end of the mortgage term is 75 years old. Non-contributory applicants (i.e., income not required to support the loan) may be up to 85 years old at the end of the mortgage term. The maximum number of applicants for a loan is two.

The loan to value ("**LTV**") in relation to purchases is calculated by dividing the total amount of the loan (net of fees) by the current market value determined by the valuation or the purchase price of the property (whichever is the lower). The maximum LTV is 85 per cent. for loan amounts up to £500,000, 80 per cent. for loans over £500,000 up to £750,000, 70 per cent. for loan values over £750,000 up to £1,000,000 and 60 per cent. for loan values over £1,000,000 up to £2,000,000 (net of any amounts added to the loan in respect of fees). In relation to re-mortgages, the maximum LTV available is calculated based on the current market value determined by the valuation. Valuations are carried out in accordance with a valuation methodology as would be acceptable to a Reasonable, Prudent Residential Mortgage Lender.

An interest-only repayment type is not permitted for Help to Buy Loans. Loans originated on a part interest-only and part repayment basis are acceptable up to a maximum of 75 per cent (50 per cent interest only element). Where there is any element of interest-only repayment, the means of ultimate repayment must be validated and recorded to the system. The value of the repayment vehicle must be at least equal to the net loan amount at the time of application.

Acceptable repayment vehicles are:

- sale of security – subject to a minimum £150,000 equity at origination;

- savings / investments;
- sale of an additional property; and
- pension.

The valuers panel is maintained (including the appointment of valuer firms to the panel) by the credit risk department of CCFS with no involvement of sales or product staff. Likewise, sales and product staff are not involved in the selection of the valuer firm from the valuers panel engaged to carry out the valuation of the Properties in connection with each Loan.

All borrowers must pass affordability in consideration of the total amount of the loan (i.e., inclusive of application fees). The interest rate to be applied to the affordability calculation is defined as follows:

- if the product is a floating rate product, the higher of the incentive or reversion rate stressed by a figure determined by the 60-months Bank of England forward sterling rate (subject to a 3% minimum);
- if the product is a fixed rate product for less than 5 years, the reversion rate stressed by a figure determined by the 60-months Bank of England forward sterling rate (subject to a 3% minimum). However, if the reversion rate plus the stress rate is less than the incentive rate, then the incentive rate applies; and
- if the product is a fixed rate product for a period equal to or more than five years, the incentive rate.

### *Servicing of the Portfolio*

The Servicer will be required from the Closing Date to service the Portfolio as an agent of the Issuer and the Security Trustee and, where applicable, the Seller under and in accordance with the terms of the Servicing Agreement. The duties of the Servicer will include, among other things:

- service the Loans and their Related Security with due and proper regard to the principles and procedures set out in the Servicing Agreement and the Servicing Policies;
- operating the Collection Accounts and ensuring that payments are made into and from the Collection Accounts in accordance with the Servicing Agreement;
- notifying the Borrowers of any change in their Monthly Instalments;
- providing a redemption statement upon the request of a Borrower or the Borrower's solicitor or licensed conveyancer;
- taking all reasonable steps to recover all sums due to the Issuer, including by the institution of proceedings and/or the enforcement of any Mortgage or any Related Security; and
- taking all action and doing all things which it would be reasonable to expect a Reasonable, Prudent Residential Mortgage Servicer to do in administering its mortgages.

The Servicer may, from time to time and at its own cost and without the consent of any other party to Servicing Agreement, make any modifications to the Servicing Policies in accordance with the standard of a Reasonable, Prudent Residential Mortgage Servicer.

"**Collection Accounts**" means (i) the DD Collection Account, (ii) the Non-DD CMF 2024-1 Collection Account and (iii) the Non-DD Collection Account, and any other replacement or additional collection account of CCFS in respect of which amounts are received in respect of the Loans and their Related Security in the Portfolio.

"**Collections**" means Revenue Receipts and Redemption Receipts.

"**DD Collection Account**" means the account held in the name of CCFS with the Collection Account Bank into which amounts received in respect of the Loans arising by way of Direct Debit payments from the Borrowers shall be paid.

"**Non-DD CMF 2024-1 Collection Account**" means the account held in the name of CCFS with the Collection Account Bank into which amounts received in respect of certain of the Loans arising by way of non-Direct Debit payments from the Borrowers shall be paid.

"**Non-DD Collection Account**" means the account held in the name of CCFS with the Collection Account Bank into which amounts received in respect of certain of the Loans arising by way of non-Direct Debit payments from the Borrowers shall be paid.

"**Reasonable, Prudent Residential Mortgage Servicer**" means a reasonably prudent residential mortgage servicer who is servicing residential mortgage loans and their collateral security in respect of residential property in England and Wales and which have in all material respects the same or similar characteristics to the Portfolio and are originated, administered and held to maturity to lending standards, lending criteria and procedures as ought to have been applied in relation to the Portfolio or, if the relevant context relates to a specific Loan, as ought to have been applied in relation to such Loan.

"**Servicing Policies**" means the Servicer's servicing, arrears, forbearance and enforcement policies applied by the Servicer from time to time to the Seller's loans and the security for their repayment.

#### *Arrears management and forbearance policy*

Delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment deferrals, losses, charge offs, recoveries and other asset performance remedies are defined in accordance with the Servicer's Servicing Policies.

The Servicer proactively monitors accounts for missed payments in order to act quickly to avoid foreseeable harm. A loan is identified as being in arrears when the aggregate of all amounts overdue is at least equal to the monthly payment then due. The arrears are reported monthly after the amount has been identified, unless the arrears have been reduced in the meantime to an amount less than the monthly payment then due.

The aim of the Servicer's collections approach is to proactively manage the collection of overdue payments by seeking to identify the cause of the payment difficulties at the earliest opportunity (including whether the issue is long or short term) and by helping the customer to gain control of the situation, preventing unnecessary deterioration. The Servicer will act in good faith when dealing with customers in financial difficulty and the arrears will be handled sympathetically with a view to providing good outcomes, and in accordance with regulatory guidance and rules.

The Servicer will act in good faith to ensure that any forbearance agreed is appropriate and in accordance with a customer's best interests. It will effectively engage with the customer to resolve the arrears; taking into account the customer's individual financial circumstances, including other secured and unsecured borrowing, and their ability to maintain / sustain any proposed payment plan.

The Servicer will be transparent about the range of options available and discuss all suitable options with the customer in order to agree the most appropriate and fair treatment that is in the best interests, supports their financial objectives, and avoids foreseeable harm. This may include a combination of different forbearance measures, potentially including a mix of short-term and long-term options.

Regular reviews are undertaken to ensure that any plan continues to be suitable and, where appropriate, an account will be referred to the appropriate mandate holder to agree next steps.

Initial contact will be attempted at the earliest opportunity following a failed payment. Whilst the account remains in arrears and no contact or arrangement has been made, the Servicer will proactively attempt to contact the customer, send regular letters to make the customer aware of the consequences of continued non-payment and will proactively continue to attempt contact throughout the collections and litigation process in order to manage the account until the arrears are cleared or an acceptable arrangement has been made.

In all instances (except where other methods are required due to characteristics of vulnerability), telephone contact will be attempted to endeavour to resolve the situation early, prevent further decline, establish the reasons for the arrears, understand the customer's individual financial circumstances. Alternative contact methods of letter, SMS (where facility exists) and email will be attempted where appropriate. The Servicer will act in good faith and build an early rapport with the customer with the ultimate goal of agreeing an affordable and sustainable solution that is in their best interests and helps them towards their financial objectives.

The Servicer has adopted various approaches to maximise the potential of helping customers to repay their Loan should they fall into arrears, or foresee future difficulties. This may include, if appropriate, the use of forbearance tools e.g. conversion to interest only, extending the mortgage term, capitalisation of arrears, allowing a reasonable period of time for a sale of a property to proceed upon the receipt of certain documents from solicitors/estate agents, or a mutually agreed means tested arrangement for the repayment of the arrears, some of which are described in more detail below. The use of all available forbearance tools will be considered for all accounts (both up to date and in arrears) where the customer is in financial difficulty and applied where appropriate to the customer's individual circumstances. This may comprise a single or multiple tools used together at a point in time or throughout the life of the account as the customer's circumstances require.

The primary aim of forbearance is to provide support as appropriate to the customer's circumstances and where possible enable the complete recovery of the mortgage through the full repayment of arrears. In circumstances where this cannot be achieved, the secondary aim would be to recover the customer into a sustainable terms position on their mortgage. The customer will be given sufficient time, opportunity and information to consider and assess their options and efforts will be made to ensure any steps the customer has to take are not unreasonably onerous or complex and that information or evidence is only requested if it is necessary. The Servicer will ensure there are no unreasonable delays in requesting or processing information or evidence received from customers.

The Servicer will act in good faith and in the customer's best interests to avoid foreseeable harm such as that caused by agreeing inappropriate forbearance arrangements and, as such, forbearance will not be applied where it is clear that the customer's account is not sustainable despite forbearance being considered, or where the customer is clearly not taking steps to deal with their financial difficulties.

Where forbearance is due to bereavement and/or property sale, loan modifications will be considered without the need for a full affordability assessment on every occasion, as it is known at the start of the process that the outcome will be redemption. However, if through regular reviews, progress is not as the Servicer would expect, then forbearance may not be agreed.

### Arrangements

In the event that the customer cannot repay the full arrears outstanding, the Servicer will act in good faith and in accordance with the best interests of the customer in order to agree an appropriate arrangement to support and help them to recover their position. The aim of the arrangement is to pay an additional amount over and above the contractual monthly payment therefore reducing the arrears balance over a reasonably agreed period of time.

Any money received from the customer will first be used to clear missed payments with fees and charges being left to a later date.

The Servicer will adopt a reasonable and sustainable approach to the length of time over which the arrears will be repaid depending on the circumstances of individual customers, and in some instances, if it is appropriate

for the customer, consideration will be given to this being over the remaining term of the mortgage. This may be appropriate where the customer can only afford to pay a small amount each month off the arrears however the customer will be made aware of the increase in overall costs.

Arrangements will be reviewed on a regular basis to ensure that any changes in customer circumstances, including where the customer develops characteristics of vulnerability and indications that the arrangement is not sustainable, are captured and the terms of the arrangement are updated accordingly.

#### Capitalisation of arrears

This section describes how the Servicer deals with a 'standard' capitalisation, which is a means of clearing arrears from an account. Given the criteria required for a standard capitalisation (as described below), the Servicer would not normally expect there to be more than one standard capitalisation during the life of a mortgage.

Capitalising the arrears means adding the arrears balance to the total capital balance outstanding on the mortgage/loan and recalculating the contractual monthly payment. The amount of the arrears will be repaid over the remaining term and, as a result, this will increase the amount of interest paid and the contractual monthly payment for the remaining term.

Capitalisation may be provided selectively to those cases where the recovery of historical arrears or monies due under the contract is not possible, all other forbearance options have been exhausted and capitalisation is the only option realistically available to assist the customer.

This type of modification may be appropriate where the customer has demonstrated a sustained ability, intent and track record to pay their contractual monthly payment and the affordability assessment demonstrates the revised monthly payments can be maintained over the term of the mortgage. A minimum of six months payments at the level of the contractual monthly payment is usually required before an account will be considered for capitalisation of arrears.

Arrears will not automatically be capitalised. The customer(s) will receive a letter making them aware of the overall impact of the change, including the additional interest that would be charged over the term of the mortgage. All parties to the mortgage will need to sign to accept the impact of capitalisation before any changes are made. Where the impact of capitalisation is not material (being where the interest payable over the term increases by less than £50 or the contractual monthly payment increases by less than £1), the Servicer may apply capitalisation without all parties' agreement, if it is considered in the best interests of the customer.

#### Term extension

A term extension on a repayment or part and part mortgage will reduce the customer's contractual monthly payment but will increase the length of time over which they will be repaying and the total amount repayable over the term will increase, due to the payment of more interest. However, this type of modification may be appropriate where the reduced contractual monthly payment suits the customer's current financial and personal circumstances.

An affordability assessment will be carried out based on the current payment rate and, where appropriate, any known or expected changes including retirement will be considered, with a view to ensuring, where possible, the repayments will be sustainable over the life of the mortgage.

#### Conversion to interest only

The option to convert to interest only terms, either permanently or temporarily, may be appropriate for customers during periods of financial stress. The conversion would provide a reduction in the customer's monthly payment, giving them the opportunity to manage their current financial circumstances. However, the

customer's circumstances will need to be assessed to determine whether it is appropriate to use this type of forbearance to avoid the mortgage moving into a long term non-sustainable position.

Should the customer convert to this repayment method permanently, this will reduce the customer's contractual monthly payment but their payment will only cover the interest owed and the outstanding balance will need to be repaid at the end of the term. In these circumstances, the customer will need to be able to provide the Servicer with sufficient evidence to assess that a credible and plausible capital repayment strategy is in place and that they can afford and sustain the interest only repayment plus the cost of the proposed repayment strategy, taking into account any known future changes to the customer's personal financial circumstances (such as retirement). This would only be an option in limited circumstances and if considered appropriate, customers will be asked to seek and obtain independent financial advice as to whether this is suitable for them and to determine how they will repay the capital balance at the end of the term.

The option to convert to interest only terms temporarily may be appropriate for customers during periods of financial stress. The conversion would provide a reduction in the customer's monthly payment, giving them the opportunity to manage their current financial circumstances. An active review process will be put in place to work with the customer to transfer the mortgage back on to sustainable repayment terms within a reasonable timeframe that is appropriate to the customer's individual circumstances. Evidence of repayment strategy is not required where conversion to interest only is temporary. To avoid foreseeable harm, an extension would not be agreed if the customer's situation is not likely to improve or there is clear indication that the customer will not have the affordability to return to sustainable contractual terms.

#### Payment deferral

In some circumstances it may be appropriate to consider a payment deferral, whereby payments due are suspended for a period of time (and therefore arrears do not accrue), although interest will still be charged. This approach will be adopted where it is clear the customer has a lack of affordability in the short term, but is taking steps to address matters. An active review process will be put in place to work with the customer to transfer the mortgage back on to sustainable repayment terms within a reasonable time frame that is appropriate to the customer's individual circumstances.

If an extension, or longer period is requested this will be subject to a full review of circumstances including potential vulnerability indicators and an up to date income and expenditure assessment before referring to the appropriate mandate holder for consideration. At the end of the payment deferral, the Servicer will process a repayment capitalisation in respect of the forborne monthly payments, unless an alternative arrangement is agreed.

An extension would not be agreed if the customer's situation is not likely to improve or there is clear indication that the customer will not have the affordability to return to sustainable contractual terms.

#### Partial debt write-off

Where appropriate, the Servicer will consider writing off part of the loan balance owed by a customer. This may occur where a customer has an agreed property sale and a shortfall remains in the amount required to redeem the Servicer's legal charge, or where possession has been taken by the Servicer and a subsequent sale has a shortfall loss. In these cases, repayment of the shortfall may be agreed over a period of time subject to an affordability assessment.

#### Interest rate reduction

The Servicer may, in certain customer circumstances, transfer the mortgage to a lower contractual interest rate (including reducing to zero). The interest rate applied must be sustainable for both the customer and the Servicer. Consideration will be given to whether the interest rate applied is fixed or variable on the basis of the customer's circumstances and the impact of potential future interest rate rises on affordability. Interest rate



reductions should be applied for a maximum of six months and then the account reviewed to determine whether further forbearance is required.

### ***Enforcement Procedures***

Despite all reasonable attempts made to resolve the situation with a customer, there are occasions when litigation is the only course of action that is appropriate, with the aim being to secure a possession order. The Servicer will only commence possession proceedings as a last resort, when it is satisfied that it has complied with the requirements of the Civil Justice Council's Pre-Action Protocol (PAP) for possession claims. In order to realise its security in respect of a Property, the relevant mortgagee (be it the legal owner (the Seller), the equitable or, as the case may be, the beneficial owner (the Issuer), the Security Trustee or its appointee (if the Security Trustee has taken enforcement action against the Issuer)) will need to obtain possession. There are two means of obtaining possession for this purpose: first, by taking physical possession (seldom done in practice), and, second, by obtaining a court order.

If a mortgagee takes physical possession, it will, as mortgagee or, as in possession, have an obligation to account to the Borrower for the income obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property and, in certain circumstances, may be obliged to make improvements.

Actions for possession are regulated by statute and the courts have certain powers to adjourn possession proceedings, to stay any possession order or postpone the date for delivery of possession. The court will exercise such powers in favour of a Borrower, broadly, where it appears to the court that such Borrower is likely to be able, within a reasonable period, to pay any sums due under the loan or to remedy any default consisting of a breach of any other obligation arising under or by virtue of the loan and/or mortgage.

The court has a very wide discretion and may adopt a sympathetic attitude towards a Borrower faced with eviction. If a possession order or decree in favour of the relevant mortgagee is granted, it may be suspended to allow the Borrower more time to pay. Once possession of the Property has been obtained, the relevant mortgagee has a duty to the Borrower to take reasonable care to obtain a proper price for the Property. Any failure to do so will put the relevant mortgagee at risk of an action for breach of such duty by the Borrower, although it is for the Borrower to prove breach of such duty. There is also a risk that a Borrower may also take court action to force the relevant mortgagee to sell the Property within a reasonable time.

In some instances, the Seller 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.

### ***Insurance Contracts***

#### **Buildings Insurance**

Buildings insurance at the date of completion of the relevant Loan is confirmed through the relevant conveyancer confirming the policy number on the relevant certificate of title. After the date of completion of the relevant Loan, to the extent that a Borrower does not maintain buildings insurance, the OSB GROUP PLC currently maintains on behalf of itself and its subsidiaries (including the Seller) the following forms of contingency insurance cover:

- "**Properties in Possession Cover**", being the block properties in possession insurance policy of OSB GROUP PLC and its subsidiaries (including the Seller), and any other insurance contracts in replacement, addition or substitution thereof from time to time, for any possessed Properties;
- "**Lender Interest Only Cover**", being a policy of OSB GROUP PLC and its subsidiaries (including the Seller), and any other insurance contracts in replacement, addition or substitution thereof from time to time, whereby the Seller (or the Servicer on its behalf) places Borrowers on such Lender

Interest Only Cover when the Seller or the Servicer becomes aware that the Borrower's own insurance in respect of the Property referable to its Loan has expired or lapsed. The premium of the Lender Interest Only Cover is charged back to the Borrower on a monthly basis; and

- **"Failure to Insure Cover"**, being a policy of OSB GROUP PLC and its subsidiaries (including the Seller), and any other insurance contracts in replacement, addition or substitution thereof from time to time, covering all loans originated by the Seller, the premium being paid by the Seller or an affiliate. The Failure to Insure Cover would pay out if a Borrower's own policy has been cancelled but the Seller has not been notified of such an event and so Lender Interest Only Cover has not been put in place and so Lender Interest Only Cover has not been put in place,

the Properties in Possession Cover, Lender Interest Only Cover and Failure to Insure Cover together being the **"Block Insurance Policies"**, which remain subject to change (including as to the scope of coverage of each Block Insurance Policy).

### ***Other Characteristics***

The Loans comprised in the Provisional Portfolio as at the Reference Date are homogeneous for purposes of Article 20(8) of the UK Securitisation Regulation, on the basis that all such Loans: (i) have been underwritten by the Seller, in accordance with similar underwriting standards applying similar approaches with respect to the assessment of a potential borrower's credit risk; (ii) are repayment loans or Interest-Only Loans or a combination of both entered into substantially on the terms of similar standard documentation for residential mortgage loans; (iii) are serviced by the Servicer pursuant to the Servicing Agreement in accordance with the same servicing procedures with respect to monitoring, collections and administration of cash receivables generated from such Loans; and (iv) form one asset category, namely residential loans secured with one or several mortgages on residential immovable property in England and Wales.

The Loans comprised in the Provisional Portfolio as at the Reference Date do not include: (i) any transferable securities for purposes of Article 20(8) of the UK Securitisation Regulation; (ii) any securitisation positions for purposes of Article 20(9) of the UK Securitisation Regulation; or (iii) any derivatives for purposes of Article 21(2) of the UK Securitisation Regulation, in each case on the basis that such Loans have been entered into substantially on the terms of similar standard documentation for residential mortgages loans. For purposes of Article 20(8) of the UK Securitisation Regulation, the Loans contain obligations that are in all material respects contractually binding and enforceable, with full recourse to Borrowers and, where applicable, guarantors, subject to any laws from time to time in effect relating to bankruptcy, liquidation or any other laws or other procedures affecting generally the enforcement of creditors' rights.

The Loans comprised in the Provisional Portfolio as at the Reference Date do not include: (A) at the time of origination any Loans that were marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the information provided by the loan applicant might not be verified by the Seller for purposes of Article 20(10) of the UK Securitisation Regulation; or (B) at the time of selection for inclusion in the Provisional Portfolio any exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 for purposes of Article 20(11) of the UK Securitisation Regulation. The Loans comprised in the Provisional Portfolio (as at the Reference Date) will be transferred to the Issuer without undue delay after selection for inclusion in the Portfolio for purposes of Article 20(11) of the UK Securitisation Regulation.

### **Credit Risk Mitigation**

The Seller has internal policies and procedures in relation to the granting of credit, administration of credit risk-bearing portfolios and risk mitigation.

The policies and procedures of the Seller in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits (as to which, in relation to the Loans, please see the information set out in this Prospectus headed "*The Loans – Lending Criteria*" and "*Summary of the Key Transaction Documents – Servicing Agreement*");
- (b) systems in place to administer and monitor the various credit risk-bearing portfolios and exposures (as to which it should be noted that the Portfolio will be serviced in line with the servicing procedures of the Seller and the Servicer, please see further the section of this Prospectus headed "*Summary of the Key Transaction Documents– Servicing Agreement*");
- (c) diversification of credit portfolios taking into account the Seller's target market and overall credit strategy (as to which, in relation to the Portfolio, please see the section of this Prospectus headed "*Characteristics of the Provisional Portfolio*"); and
- (d) policies and procedures in relation to risk mitigation techniques (as to which, please see further the sections of this Prospectus headed "*The Loans – Lending Criteria*" and "*Summary of the Key Transaction Documents – Servicing Agreement*").

### **Governing Law**

Each of the Loans and any non-contractual obligations arising out of or in connection with them are governed by English law.

## CHARACTERISTICS OF THE PROVISIONAL PORTFOLIO

The statistical and other information contained in this Prospectus (including the tables below) has been compiled by reference to loans originated by the Seller in a provisional portfolio (the "**Provisional Portfolio**") and extracted from the systems of the Seller on the Portfolio Reference Date.

As at the Portfolio Reference Date, the Provisional Portfolio comprised 2,575 loans originated by the Seller and secured over properties located in England and Wales. The aggregate Current Balance of the loans in the Provisional Portfolio as at the Portfolio Reference Date was £500,203,429.71. Having removed any loans which were no longer eligible or had been redeemed in full as at the Cut-Off Date, the Seller randomly selected the transaction Portfolio from the Provisional Portfolio. The Portfolio that will be sold to the Issuer on the Closing Date comprises all loans in the transaction Portfolio. The Properties over which the loans in the Provisional Portfolio are secured have not been revalued for the purposes of the issue of the Notes. The characteristics of the Portfolio will differ from those set out below as a result of, among other things, repayments and redemptions of loans in the Provisional Portfolio from the Portfolio Reference Date to the Closing Date and removal of any loans that do not comply with the Loan Warranties as at the Closing Date. In respect of the first Interest Payment Date only, the excess of the proceeds of the Collateralised Notes over the Current Balance of the Portfolio as at the Cut-Off Date will be paid into the Deposit Account on the Closing Date and will form part of the Available Redemption Receipts to be applied in accordance with the Pre-Enforcement Redemption Priority of Payments. If loans selected for the Portfolio are repaid in full between the Cut-Off Date and the Closing Date, the principal recoveries from that loan will form part of the Available Redemption Receipts. Except as otherwise indicated, these tables have been prepared using the Current Balance of each loan in the Provisional Portfolio as at the Portfolio 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 Portfolio Reference Date

<b>Portfolio Reference Date:</b>	<b>29/02/2024</b>
Current Balance (£):	500,203,429.71
No. of accounts:	2,575
Average Current Balance (£):	194,253.76
First legal mortgage, first ranking standard security %:	100.00
Weighted average Original Loan to Value Ratio %:	66.96
Weighted average Current Loan to Value Ratio %:	65.17
Weighted average Indexed Current Loan to Value Ratio %*:	63.35
Weighted average interest rate %:	5.57
Weighted average margin (post reversion):	4.03
Interest-only Loans (as % of Current Balance):	8.07
Repayment Loans (as % of Current Balance):	89.38
Weighted average seasoning (months):	17.17
Weighted average remaining term (years):	24.90
Arrears (as % of Current Balance):	0.00
Full property valuation (as % of Current Balance):	100.00
Self-employed borrowers (as % of Current Balance):	32.44
Owner-occupied properties (as % of Current Balance):	100.00
Right to buy Loans (as % of Current Balance):	0.00
First time buyer (as % of Current Balance):	40.58
Home purchase Loans (as % of Current Balance):	68.81
Refinance Loans (as % of Current Balance):	31.19
Help to Buy Equity Loans (as % of Current Balance):	28.90

\* *Indexation calculated using Nationwide House Price Index as of 31 December 2023 (regional quarterly indices, non-seasonally adjusted)*

### ***Current Balances***

The following table shows the distribution of Loans by their Current Balance as determined in respect of each Loan on the Portfolio Reference Date.

<b>Current Balance</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
0.01 to 50,000.00	1,969,240.29	0.39	49	1.90
50,000.01 to 100,000.00	21,967,665.83	4.39	273	10.60
100,000.01 to 150,000.00	78,105,109.37	15.61	618	24.00
150,000.01 to 200,000.00	106,652,405.22	21.32	609	23.65
200,000.01 to 250,000.00	97,582,036.73	19.51	437	16.97
250,000.01 to 300,000.00	74,266,148.86	14.85	274	10.64
300,000.01 to 350,000.00	48,077,939.87	9.61	149	5.79
350,000.01 to 400,000.00	30,306,386.63	6.06	82	3.18
400,000.01 to 450,000.00	13,446,417.41	2.69	32	1.24
450,000.01 to 500,000.00	12,795,782.64	2.56	27	1.05
500,000.01 to 550,000.00	5,207,615.16	1.04	10	0.39
550,000.01 to 600,000.00	3,479,130.03	0.70	6	0.23
600,000.01 >=	6,347,551.67	1.27	9	0.35
<b>Total:</b>	<b>500,203,429.71</b>	<b>100</b>	<b>2575</b>	<b>100</b>

The minimum, maximum and average Current Balance of the Loans as of the Portfolio Reference Date is £17,674.25, £778,359.48 and £194,253.76, respectively.

### ***Original Loan to Value Ratios***

The following table shows the range of "Original Loan to Value Ratios" or "OLTV Ratios", which express the original balance of each Loan as at the Portfolio Reference Date divided by the original valuation of the Property securing that Loan.

<b>OLTV Ratios (%)</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
<= 50.00	67,165,137.52	13.43	462	17.94
50.01 to 55.00	23,349,628.82	4.67	122	4.74
55.01 to 60.00	33,493,951.67	6.70	171	6.64
60.01 to 65.00	37,292,561.02	7.46	180	6.99
65.01 to 70.00	46,819,289.27	9.36	220	8.54
70.01 to 75.00	93,951,856.72	18.78	440	17.09
75.01 to 80.00	136,292,170.80	27.25	692	26.87
80.01 to 85.00	61,838,833.89	12.36	288	11.18
85.01 to 90.00	0.00	0.00	0	0.00
<b>Total:</b>	<b>500,203,429.71</b>	<b>100</b>	<b>2575</b>	<b>100</b>

The minimum, maximum and weighted average Original Loan to Value Ratio at origination of the Loans as of the Portfolio Reference Date is 5.80%, 85.00% and 66.96%, respectively.

## Current Loan to Value Ratios

The following table shows the range of "Current Loan to Value Ratios" or "CLTV Ratios", which are calculated by dividing the Current Balance of a Loan as at the Portfolio Reference Date by the original valuation of the Property securing that Loan.

CLTV Ratios (%)	Aggregate Current Balance (£)	% of total	Number of Loans	% of total
<= 50.00	71,983,938.57	14.39	498	19.34
50.01 to 55.00	31,013,684.29	6.20	155	6.02
55.01 to 60.00	32,114,365.90	6.42	168	6.52
60.01 to 65.00	46,193,974.70	9.24	218	8.47
65.01 to 70.00	75,545,833.73	15.10	369	14.33
70.01 to 75.00	151,076,113.37	30.20	741	28.78
75.01 to 80.00	48,445,383.77	9.69	228	8.85
80.01 to 85.00	41,009,793.14	8.20	185	7.18
85.01 to 90.00	2,820,342.24	0.56	13	0.50
Total:	500,203,429.71	100	2575	100

The minimum, maximum and weighted average Current Loan to Value Ratio of the Loans as of the Portfolio Reference Date is 5.83%, 85.27% and 65.17%, respectively.

## Indexed Current Loan to Value Ratios

The following table shows the range of "Indexed Current Loan to Value Ratios" or "ICLTV Ratios", which are calculated by dividing the Current Balance of a Loan as at the Portfolio Reference Date by the indexed valuation of the Property securing that Loan.

ICLTV Ratios (%)	Aggregate Current Balance (£)	% of total	Number of Loans	% of total
<= 50.00	78,177,652.44	15.63	535	20.78
50.01 to 55.00	36,028,566.24	7.20	186	7.22
55.01 to 60.00	63,168,714.48	12.63	331	12.85
60.01 to 65.00	83,823,892.40	16.76	415	16.12
65.01 to 70.00	55,443,503.38	11.08	266	10.33
70.01 to 75.00	75,192,574.58	15.03	345	13.40
75.01 to 80.00	58,284,341.04	11.65	271	10.52
80.01 to 85.00	45,137,577.60	9.02	203	7.88
85.01 to 90.00	4,946,607.55	0.99	23	0.89
Total:	500,203,429.71	100	2575	100

\* Indexation calculated using Nationwide House Price Index as of 31 December 2023 (regional quarterly indices, non-seasonally adjusted)

The minimum, maximum and weighted average Indexed Current Loan to Value Ratio of the Loans as of the Portfolio Reference Date is 5.71%, 88.74% and 63.35%, respectively.

## Geographical distribution

The following table shows the regional distribution of Properties securing the Loans throughout England and Wales (the region of a Property in respect of a Loan determined as at the Portfolio Reference Date of such Loan).

<b>Region</b>	<b>Aggregate Current Balance</b>		<b>Number of</b>	
	<b>(£)</b>	<b>% of total</b>	<b>Loans</b>	<b>% of total</b>
East Anglia	82,205,412.16	16.43	366	14.21
East Midlands	40,440,140.53	8.08	222	8.62
Greater London	47,300,319.25	9.46	183	7.11
North East	21,613,840.16	4.32	156	6.06
North West	52,388,810.30	10.47	327	12.70
South East	105,695,030.51	21.13	448	17.40
South West	49,967,633.32	9.99	249	9.67
Wales	19,629,472.47	3.92	135	5.24
West Midlands	44,564,021.51	8.91	251	9.75
Yorks & Humber	36,398,749.50	7.28	238	9.24
<b>Total:</b>	<b>500,203,429.71</b>	<b>100</b>	<b>2575</b>	<b>100</b>

### *Year of Origination*

The following table shows the distribution of Loans by year of origination.

<b>Remaining Term (YRS)</b>	<b>Aggregate Current Balance</b>		<b>Number of</b>	
	<b>(GBP (£))</b>	<b>% of total</b>	<b>Loans</b>	<b>% of total</b>
2015	0.00	0.00	0	0.00
2016	543,508.03	0.11	4	0.16
2017	9,238,950.24	1.85	56	2.17
2018	8,659,378.31	1.73	57	2.21
2019	7,538,517.65	1.51	45	1.75
2020	35,049,487.26	7.01	188	7.30
2021	75,065,736.11	15.01	394	15.30
2022	80,059,003.20	16.01	417	16.19
2023	249,092,460.57	49.80	1245	48.35
2024	34,956,388.34	6.99	169	6.56
<b>Total:</b>	<b>500,203,429.71</b>	<b>100</b>	<b>2575</b>	<b>100</b>

### *Years to maturity*

The following table shows the distribution of Loans according to the number of year remaining until their maturity as at the Portfolio Reference Date.

<b>Years to maturity</b>	<b>Aggregate Current</b>		<b>Number of</b>	
	<b>Balance (£)</b>	<b>% of total</b>	<b>Loans</b>	<b>% of total</b>
0.01 to 5.00	1,792,543.77	0.36	15	0.58
5.01 to 10.00	19,985,863.42	4.00	119	4.62
10.01 to 15.00	42,082,683.49	8.41	254	9.86
15.01 to 20.00	74,826,391.32	14.96	390	15.15
20.01 to 25.00	96,202,625.12	19.23	470	18.25
25.01 to 30.00	103,924,114.03	20.78	523	20.31
30.01 >=	161,389,208.56	32.26	804	31.22
<b>Total:</b>	<b>500,203,429.71</b>	<b>100</b>	<b>2575</b>	<b>100</b>

The minimum, maximum and weighted average remaining term of the Loans as of the Portfolio Reference Date is 1.92, 34.92 and 24.90, respectively.

### ***Interest rate types***

The following table shows the distribution of the interest rate types of the Loans (the interest type of each Loan determined as at the Portfolio Reference Date).

<b>Interest Rate Type</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
Fixed Rate Loan with future switch to BBR	498,457,916.93	99.65	2564	99.57
Fixed Rate Loan with future switch to LIBOR Replacement Rate	1,745,512.78	0.35	11	0.43
Total:	<u>500,203,429.71</u>	<u>100</u>	<u>2575</u>	<u>100</u>

### ***Current interest rate***

The following table shows the distribution of Loans by applicable interest rate as at the Portfolio Reference Date.

<b>Interest rate (%)</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
3.01 to 3.50	5,985,051.09	1.20	29	1.13
3.51 to 4.00	91,490,576.23	18.29	493	19.15
4.01 to 4.50	48,134,504.73	9.62	242	9.40
4.51 to 5.00	12,998,410.11	2.60	69	2.68
5.01 to 5.50	21,241,284.17	4.25	104	4.04
5.51 to 6.00	135,482,522.27	27.09	657	25.51
6.01 to 6.50	84,854,705.72	16.96	435	16.89
6.51 to 7.00	67,543,904.98	13.50	371	14.41
7.00 >=	32,472,470.41	6.49	175	6.80
Total:	<u>500,203,429.71</u>	<u>100</u>	<u>2575</u>	<u>100</u>

The minimum, maximum and weighted average current interest rate as of the Portfolio Reference Date is 3.44%, 8.19% and 5.57%, respectively.

### ***Current EPC rating***

The following table shows the current EPC rating of the Properties securing the Loans as at the Portfolio Reference Date.

<b>Current EPC rating</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
A	2,052,187.30	0.41	9	0.35
B	176,587,526.87	35.30	897	34.83
C	85,331,060.38	17.06	439	17.05
D	103,345,644.47	20.66	555	21.55
E	40,556,698.03	8.11	192	7.46
F	6,960,961.78	1.39	37	1.44
G	1,816,010.10	0.36	11	0.43
ND	83,553,340.78	16.70	435	16.89
Total:	<u>500,203,429.71</u>	<u>100</u>	<u>2575</u>	<u>100</u>



### ***Potential EPC rating***

The following table shows the potential EPC rating of the Properties securing the Loans as at the Portfolio Reference Date.

<b>Potential EPC rating</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
A	155,096,717.42	31.01	790	30.68
B	174,590,483.96	34.90	921	35.77
C	77,412,016.38	15.48	381	14.80
D	8,474,563.59	1.69	42	1.63
E	840,029.15	0.17	4	0.16
F	236,278.43	0.05	2	0.08
G	0.00	0.00	0	0.00
ND	83,553,340.78	16.70	435	16.89
Total:	500,203,429.71	100	2575	100

### ***Repayment Method***

The following table shows the repayment method of the Loans as at the Portfolio Reference Date.

<b>Repayment Method</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
Interest Only	40,355,412.30	8.07	161	6.25
Part & Part	12,748,849.72	2.55	42	1.63
Repayment	447,099,167.69	89.38	2372	92.12
Total:	500,203,429.71	100	2575	100

### ***Reversion Margin***

The following table shows the distribution of reversion margins as at the Portfolio Reference Date for the Fixed Rate Loans in the Provisional Portfolio.

<b>Interest rate (%)</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
3.01 to 3.50	194,526,869.54	38.89	964	37.44
3.51 to 4.00	107,296,737.02	21.45	567	22.02
4.01 to 4.50	68,480,660.92	13.69	337	13.09
4.51 to 5.00	105,026,643.75	21.00	575	22.33
5.01 to 5.50	24,872,518.48	4.97	132	5.13
<b>Total:</b>	<b>500,203,429.71</b>	<b>100</b>	<b>2575</b>	<b>100</b>

The minimum, maximum and weighted average reversion margin as of the Portfolio Reference Date is 3.25%, 5.35% and 4.03%, respectively.

### ***Reversion Date***

The following table shows the distribution of reversion dates as at the Portfolio Reference Date for the Fixed Rate Loans in the Provisional Portfolio.

<b>Reversion Date (Fixed Rate Loans)</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
2024	32,454,059.38	6.49	168	6.52
2025	130,700,992.76	26.13	693	26.91
2026	64,316,371.80	12.86	348	13.51
2027	64,323,667.57	12.86	338	13.13
2028	180,974,624.13	36.18	894	34.72
2029	27,433,714.07	5.48	134	5.20
<b>Total:</b>	<b>500,203,429.71</b>	<b>100</b>	<b>2575</b>	<b>100</b>

## CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

The UK housing market is primarily one of owner-occupied housing, with the remainder in some form of public, private landlord or social ownership. The mortgage market, whereby loans are provided for the purchase of a property and secured on that property, is the primary source of household borrowings in the United Kingdom.

Set out in the following tables are certain characteristics of the United Kingdom mortgage market. No assurance can be given that the Loans in the Portfolio are or will be representative of the information set out in the tables or generally to the performance of the UK housing market. For information relating to the loans contained in the Provisional Portfolio (from which the Portfolio will be selected), see further the section entitled "*Characteristics of the Provisional Portfolio*".

### *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, building societies and other specialist mortgage lenders in a quarter by the quarterly balance of mortgages outstanding for banks, building societies and other specialist mortgage lenders in the United Kingdom. These quarterly repayment rates were then annualised using standard methodology.

Year	Quarter	Industry PPR Rate for the Quarter	12-month rolling average
1999	Q1	12.68%	
	Q2	16.26%	
	Q3	17.92%	
	Q4	16.96%	
2000	Q1	13.76%	16.23%
	Q2	15.50%	16.04%
	Q3	16.09%	15.58%
	Q4	15.90%	15.31%
2001	Q1	15.60%	15.77%
	Q2	18.42%	16.50%
	Q3	20.19%	17.53%
	Q4	19.88%	18.52%
2002	Q1	18.73%	19.30%
	Q2	21.62%	20.10%
	Q3	23.80%	21.01%
	Q4	23.01%	21.79%
2003	Q1	20.96%	22.35%
	Q2	22.27%	22.51%
	Q3	23.72%	22.49%
	Q4	24.25%	22.80%
2004	Q1	20.75%	22.75%
	Q2	22.27%	22.75%
	Q3	23.15%	22.61%
	Q4	19.75%	21.48%
2005	Q1	17.12%	20.57%
	Q2	19.58%	19.90%
	Q3	22.63%	19.77%
	Q4	22.78%	20.53%
2006	Q1	20.54%	21.38%
	Q2	22.20%	22.04%
	Q3	23.13%	22.16%
	Q4	22.84%	22.18%
2007	Q1	21.36%	22.38%

<b>Year</b>	<b>Quarter</b>	<b>Industry PPR Rate for the Quarter</b>	<b>12-month rolling average</b>
2008	Q2	22.51%	22.46%
	Q3	22.72%	22.36%
	Q4	20.63%	21.81%
	Q1	18.73%	21.15%
2009	Q2	19.21%	20.32%
	Q3	17.31%	18.97%
	Q4	13.82%	17.27%
	Q1	11.08%	15.36%
2010	Q2	10.34%	13.14%
	Q3	11.29%	11.63%
	Q4	11.20%	10.98%
	Q1	9.70%	10.63%
2011	Q2	10.70%	10.72%
	Q3	11.17%	10.69%
	Q4	10.85%	10.60%
	Q1	9.88%	10.65%
2012	Q2	10.49%	10.60%
	Q3	11.80%	10.75%
	Q4	11.26%	10.86%
	Q1	10.41%	10.99%
2013	Q2	10.66%	11.03%
	Q3	11.00%	10.83%
	Q4	11.25%	10.83%
	Q1	10.89%	10.95%
2014	Q2	12.50%	11.41%
	Q3	14.11%	12.19%
	Q4	14.50%	13.00%
	Q1	13.20%	13.58%
2015	Q2	13.92%	13.93%
	Q3	14.85%	14.12%
	Q4	14.52%	14.12%
	Q1	13.20%	14.12%
2016	Q2	14.27%	14.21%
	Q3	15.48%	14.37%
	Q4	15.71%	14.67%
	Q1	15.44%	15.23%
2017	Q2	15.13%	15.44%
	Q3	15.95%	15.56%
	Q4	15.47%	15.50%
	Q1	14.99%	15.39%
2018	Q2	14.89%	15.33%
	Q3	16.15%	15.38%
	Q4	16.42%	15.61%
	Q1	15.25%	15.68%
2019	Q2	15.39%	15.80%
	Q3	16.85%	15.98%
	Q4	16.39%	15.97%
	Q1	14.80%	15.86%
2020	Q2	14.64%	15.67%
	Q3	15.36%	15.30%
	Q4	15.59%	15.09%
2020	Q1	14.46%	15.01%
	Q2	11.19%	14.15%
	Q3	12.95%	13.55%

Year	Quarter	Industry PPR Rate for the Quarter	12-month rolling average
2021	Q4	14.62%	13.31%
	Q1	15.54%	13.58%
	Q2	15.57%	14.67%
	Q3	14.38%	15.03%
2022	Q4	14.68%	15.04%
	Q1	14.48%	14.78%
	Q2	15.07%	14.65%
	Q3	15.93%	15.04%
2023	Q4	16.93%	15.60%
	Q1	14.20%	15.53%
	Q2	12.96%	15.00%
	Q3	14.40%	14.62%
2024	Q4	13.12%	13.67%
	Q1	12.74%	13.30%

Source: UKFinance

### Repossession Rate

The table below sets out the repossession rate of residential properties in the United Kingdom since 1985.

Year	Repossessions (%)	Year	Repossessions (%)	Year	Repossessions (%)
1985	0.25	1998	0.30	2011	0.33
1986	0.30	1999	0.27	2012	0.30
1987	0.32	2000	0.20	2013	0.26
1988	0.22	2001	0.16	2014	0.19
1989	0.17	2002	0.11	2015	0.09
1990	0.17	2003	0.07	2016	0.07
1991	0.45	2004	0.07	2017	0.07
1992	0.76	2005	0.12	2018	0.06
1993	0.68	2006	0.18	2019	0.07
1994	0.56	2007	0.22	2020	0.02
1995	0.47	2008	0.34	2021	0.02
1996	0.46	2009	0.43	2022	0.04
1997	0.40	2010	0.34	2023	0.04

Source: UKFinance

### House Price Index

UK residential property prices are based on data from the Land Registry that incorporates property data for England and Wales (the "**Housing Index**").

The UK housing market has been through various economic cycles in the recent past, with large year-to-year increases in the Housing Index occurring from the mid-1990s through to early 2008 and decreases occurring since then until mid-2009, following which the Housing Index has fluctuated.

Year	Month	Index	% annual change
2006	Jan	83.9	6.20
	Feb	84.04	6.47
	Mar	84.72	6.46

Year	Month	Index	% annual change
	Apr	86.56	7.25
	May	87.38	7.12
	Jun	88.21	7.28
	Jul	89.48	7.44
	Aug	90.23	7.91
	Sep	90.6	8.52
	Oct	91.13	9.37
	Nov	91.6	9.61
	Dec	92.74	10.37
2007	Jan	92.71	10.49
	Feb	92.97	10.63
	Mar	93.69	10.59
	Apr	95.58	10.42
	May	96.68	10.64
	Jun	97.74	10.80
	Jul	98.96	10.60
	Aug	99.54	10.32
	Sep	99.67	10.01
	Oct	99.44	9.12
	Nov	99.38	8.50
	Dec	99.23	7.00
2008	Jan	97.44	5.11
	Feb	96.6	3.91
	Mar	95.9	2.36
	Apr	96.06	0.50
	May	96.64	-0.03
	Jun	95.37	-2.42
	Jul	94.33	-4.69
	Aug	92.36	-7.22
	Sep	90.03	-9.67
	Oct	88.21	-11.29
	Nov	85.72	-13.74
	Dec	84.42	-14.93
2009	Jan	82.47	-15.37
	Feb	81.51	-15.62
	Mar	81.01	-15.53
	Apr	81.74	-14.90
	May	82.87	-14.25
	Jun	83.69	-12.25
	Jul	85.19	-9.69
	Aug	86.03	-6.85
	Sep	86.7	-3.70
	Oct	87.29	-1.04
	Nov	87.58	2.17
	Dec	88.16	4.43
2010	Jan	87.83	6.51
	Feb	88.05	8.02
	Mar	88.05	8.69
	Apr	89.18	9.10
	May	89.61	8.13
	Jun	90.05	7.60
	Jul	90.96	6.77

Year	Month	Index	% annual change
	Aug	90.95	5.73
	Sep	90.72	4.63
	Oct	89.71	2.78
	Nov	88.64	1.21
	Dec	88.48	0.37
2011	Jan	87.75	-0.10
	Feb	87.28	-0.88
	Mar	86.88	-1.33
	Apr	88.23	-1.06
	May	87.83	-1.98
	Jun	87.98	-2.29
	Jul	89.09	-2.05
	Aug	89.14	-1.99
	Sep	88.92	-1.98
	Oct	87.94	-1.97
	Nov	87.99	-0.74
	Dec	87.61	-0.98
2012	Jan	87.02	-0.83
	Feb	86.78	-0.58
	Mar	87.04	0.18
	Apr	88.04	-0.22
	May	88.32	0.55
	Jun	89.19	1.37
	Jul	89.53	0.49
	Aug	89.63	0.55
	Sep	89.32	0.44
	Oct	88.68	0.84
	Nov	88.76	0.88
	Dec	88.55	1.07
2013	Jan	87.96	1.09
	Feb	87.95	1.34
	Mar	88.47	1.65
	Apr	89.34	1.48
	May	89.81	1.69
	Jun	90.55	1.53
	Jul	91.57	2.28
	Aug	92.3	2.97
	Sep	92.36	3.41
	Oct	91.98	3.72
	Nov	92.49	4.21
	Dec	93.34	5.41
2014	Jan	93.45	6.24
	Feb	93.84	6.70
	Mar	94.16	6.44
	Apr	96.26	7.75
	May	97.28	8.32
	Jun	98.12	8.35
	Jul	99.5	8.66
	Aug	100.66	9.06
	Sep	100.77	9.11
	Oct	100.62	9.39
	Nov	100.29	8.43

<b>Year</b>	<b>Month</b>	<b>Index</b>	<b>% annual change</b>
	Dec	100.53	7.70
2015	Jan	100	7.01
	Feb	100.09	6.65
	Mar	100.46	6.68
	Apr	101.34	5.28
	May	102.44	5.30
	Jun	103.22	5.20
	Jul	104.97	5.50
	Aug	105.93	5.23
	Sep	106.15	5.34
	Oct	106.29	5.63
	Nov	107.11	6.81
	Dec	107.48	6.91
2016	Jan	107.76	7.76
	Feb	107.81	7.72
	Mar	108.92	8.42
	Apr	109.32	7.88
	May	110.6	7.97
	Jun	111.65	8.17
	Jul	112.83	7.49
	Aug	112.84	6.52
	Sep	112.67	6.14
	Oct	112.29	5.65
	Nov	112.82	5.33
	Dec	113.03	5.16
2017	Jan	112.89	4.76
	Feb	113.13	4.93
	Mar	112.89	3.64
	Apr	114.67	4.89
	May	115.36	4.31
	Jun	116.35	4.20
	Jul	117.86	4.46
	Aug	118.4	4.92
	Sep	117.95	4.69
	Oct	118.06	5.13
	Nov	117.72	4.34
	Dec	118.18	4.56
2018	Jan	117.77	4.32
	Feb	118.08	4.37
	Mar	117.36	3.97
	Apr	118.49	3.32
	May	118.97	3.13
	Jun	119.77	2.94
	Jul	121.25	2.88
	Aug	121.63	2.73
	Sep	121.39	2.92
	Oct	121.27	2.72
	Nov	120.75	2.57
	Dec	120.49	1.95
2019	Jan	119.75	1.68
	Feb	119.44	1.16
	Mar	119.11	1.49



Year	Month	Index	% annual change
	Apr	119.97	1.26
	May	120.14	0.98
	Jun	120.66	0.74
	Jul	122	0.62
	Aug	122.4	0.63
	Sep	122.49	0.90
	Oct	122.16	0.74
	Nov	121.73	0.81
	Dec	121.57	0.90
2020	Jan	121.65	1.59
	Feb	120.95	1.26
	Mar	122.04	2.46
	Apr	120.8	0.69
	May	121.42	1.07
	Jun	123.1	2.02
	Jul	124.14	1.75
	Aug	125.35	2.41
	Sep	126.68	3.43
	Oct	127.75	4.58
	Nov	129.06	6.02
	Dec	130.06	6.99
2021	Jan	130.1	6.90
	Feb	130.4	7.80
	Mar	132.4	8.50
	Apr	130.4	7.90
	May	131.3	8.10
	Jun	138.2	12.30
	Jul	131.7	6.10
	Aug	135.7	8.30
	Sep	139.7	10.30
	Oct	136.2	6.60
	Nov	138.9	7.60
	Dec	139.6	7.30
2022	Jan	141.4	8.70
	Feb	141.4	8.40
	Mar	142	7.30
	Apr	143.6	10.20
	May	145.3	10.70
	Jun	147	6.30
	Jul	149.8	13.70
	Aug	151.1	11.30
	Sep	151.5	8.50
	Oct	151.4	11.20
	Nov	151.3	9.00
	Dec	150.2	7.60
2023	Jan	148.5	5.00
	Feb	147.5	4.30
	Mar	145.8	2.70
	Apr	146.2	1.80
	May	146.5	0.80
	Jun	147.4	0.20
	Jul	148.6	-0.80

Year	Month	Index	% annual change
	Aug	150.3	-0.50
	Sep	149.3	-1.50
	Oct	148.9	-1.70
	Nov	148.6	-1.80
	Dec	147.7	-1.60
2024	Jan	146.6	-1.30
	Feb	147.2	-0.20

Source: Land Registry

All information contained in this Prospectus in respect of the Housing Index has been reproduced from information published at <http://www.cml.org.uk/cml/statistics>. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. The index is based on Land Registry transactions data for England and Wales, smoothed and mix-adjusted. The Issuer confirms that all information in this Prospectus in respect of the Housing Index has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the Land Registry, no facts have been omitted which would render the reproduced information inaccurate or misleading. For the avoidance of doubt, the websites referred to in this paragraph do not form part of this Prospectus.

Note, however, that the Issuer has not participated in the preparation of that information nor made any enquiry with respect to that information. None of the Issuer, CCFS, the Arranger or the Joint Lead Managers 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.

### **Verification of data**

CCFS has caused a sample of the Loans (including the data disclosed in respect of those Loans) to be externally verified by one or more appropriate and independent third parties. The Provisional Portfolio extracted from the systems of the Seller as of 29 February 2024 has been subject to an agreed upon procedures review (to review amongst other things, the Loan Warranties and certain eligibility criteria, where applicable) on a sample of loans selected from the Initial Portfolio conducted by a third-party and completed on or about 8 May 2024 with respect to the Provisional Portfolio in existence as of 29 February 2024 and no significant adverse findings have been found. This independent third party has also performed agreed upon procedures in order to verify that the stratification tables and historical performance data disclosed in respect of the underlying exposures are accurate. The third party undertaking the review only has obligations to the parties to the engagement letters governing the performance of the agreed upon procedures subject to the limitations and exclusions contained therein. An appropriate and independent third party has verified that the tables disclosed under the section "*Characteristics of the Provisional Portfolio*" of this Prospectus in respect of the underlying exposures are accurate. CCFS has reviewed such reports and is of the opinion that there were no significant adverse findings in such reports.

### **Environmental Performance**

The Seller has utilised an external third-party service provider to obtain information related to the environmental performance of Properties securing the Loans in the Provisional Portfolio, which may include the environmental performance certificate (EPC) ratings of certain Properties as at the Portfolio Reference Date. Where such information is available, the Seller will disclose this in accordance with its obligations under Article 7(1)(a) of the UK Securitisation Regulation.

### **Information in relation to Loans originated by CCFS**

Static and dynamic historical performance data in relation to loans originated by the Seller was made available prior to pricing on the Reporting Website. Such information will cover the period from Q3 2014 to Q1 2024.

The loans which are included in such data are originated under and serviced in accordance with the same policies and procedures as the loans comprising the Portfolio and, as such, it is expected that the performance of such loans, over a period of 5 years, would not be significantly different to the performance of the loans in the Portfolio.

## STATIC POOL INFORMATION

The tables in the following pages set out, to the extent material, static pool information with respect to all mortgage loans originated by CCFS. The tables show the distribution of loans designated as prime by CCFS by delinquency category as at each year end.

The information in the following tables has been sourced and extracted from the systems of CCFS and the Servicer. The loans which are included in the tables below are originated under and serviced in accordance with substantially the same policies and procedures as the Loans in the Portfolio. In the following tables, delinquency category corresponds to the number of monthly contractual repayment amounts in arrears. Delinquency rates represent the closing balances of loans in a particular category as a percentage of aggregate closing balances.

### Arrears Overview – Charter Court Financial Services Limited

**31 December 2015**

	Balance (£)	Count	% of Balance	% of Count
<1 Months	82,753,351	571	100.00%	100.00%
>=1 Months & <2Months	-	0	0.00%	0.00%
>=2 Months & <3 Months	-	0	0.00%	0.00%
>=3 Months & <6 Months	-	0	0.00%	0.00%
>=6 Months & <9 Months	-	0	0.00%	0.00%
>=9 Months & <12 Months	-	0	0.00%	0.00%
>= 12 Months	-	0	0.00%	0.00%
<b>Totals</b>	<b>82,753,351</b>	<b>571</b>	<b>100%</b>	<b>100%</b>

**31 December 2016**

	Balance (£)	Count	% of Balance	% of Count
<1 Months	333,854,785	2151	99.76%	99.86%
>=1 Months & <2Months	293,177	2	0.09%	0.09%
>=2 Months & <3 Months	503,770	1	0.15%	0.05%
>=3 Months & <6 Months	-	0	0.00%	0.00%
>=6 Months & <9 Months	-	0	0.00%	0.00%
>=9 Months & <12 Months	-	0	0.00%	0.00%
>= 12 Months	-	0	0.00%	0.00%

**31 December 2016**

	<b>Balance (£)</b>	<b>Count</b>	<b>% of Balance</b>	<b>% of Count</b>
<b>Totals</b>	<b>334,651,733</b>	<b>2,154</b>	<b>100%</b>	<b>100%</b>

**31 December 2017**

	<b>Balance (£)</b>	<b>Count</b>	<b>% of Balance</b>	<b>% of Count</b>
<1 Months	629,858,429	4284	99.63%	99.65%
>=1 Months & <2Months	1,521,916	11	0.24%	0.26%
>=2 Months & <3 Months	590,732	3	0.09%	0.07%
>=3 Months & <6 Months	219,708	1	0.03%	0.02%
>=6 Months & <9 Months	-	0	0.00%	0.00%
>=9 Months & <12 Months	-	0	0.00%	0.00%
>= 12 Months	-	0	0.00%	0.00%
<b>Totals</b>	<b>632,190,785</b>	<b>4,299</b>	<b>100%</b>	<b>100%</b>

**31 December 2018**

	<b>Balance (£)</b>	<b>Count</b>	<b>% of Balance</b>	<b>% of Count</b>
<1 Months	810,676,083	6242	98.76%	98.94%
>=1 Months & <2Months	7,405,311	47	0.90%	0.74%
>=2 Months & <3 Months	1,146,518	9	0.14%	0.14%
>=3 Months & <6 Months	1,512,034	10	0.18%	0.16%
>=6 Months & <9 Months	-	0	0.00%	0.00%
>=9 Months & <12 Months	89,904	1	0.01%	0.02%
>= 12 Months	-	0	0.00%	0.00%
<b>Totals</b>	<b>820,829,850</b>	<b>6,309</b>	<b>100%</b>	<b>100%</b>

**31 December 2019**

	<b>Balance (£)</b>	<b>Count</b>	<b>% of Balance</b>	<b>% of Count</b>
<1 Months	915,739,014	7998	98.19%	98.73%
>=1 Months & <2Months	10,439,392	62	1.12%	0.77%
>=2 Months & <3 Months	2,510,134	17	0.27%	0.21%
>=3 Months & <6 Months	2,601,106	15	0.28%	0.19%
>=6 Months & <9 Months	1,298,673	8	0.14%	0.10%
>=9 Months & <12 Months	52,284	1	0.01%	0.01%
>= 12 Months	-	0	0.00%	0.00%
<b>Totals</b>	<b>932,640,602</b>	<b>8,101</b>	<b>100%</b>	<b>100%</b>

**31 December 2020**

	<b>Balance (£)</b>	<b>Count</b>	<b>% of Balance</b>	<b>% of Count</b>
<1 Months	1,053,463,709	9620	98.53%	98.96%
>=1 Months & <2Months	6,579,112	41	0.62%	0.42%
>=2 Months & <3 Months	1,793,776	16	0.17%	0.16%
>=3 Months & <6 Months	4,412,070	26	0.41%	0.27%
>=6 Months & <9 Months	930,317	6	0.09%	0.06%
>=9 Months & <12 Months	1,407,936	6	0.13%	0.06%
>= 12 Months	574,937	6	0.05%	0.06%
<b>Totals</b>	<b>1,069,161,856</b>	<b>9,721</b>	<b>100%</b>	<b>100%</b>

**31 December 2021**

	<b>Balance (£)</b>	<b>Count</b>	<b>% of Balance</b>	<b>% of Count</b>
<1 Months	1,202,461,976	11411	97.35%	98.23%
>=1 Months & <2Months	15,353,231	96	1.24%	0.83%
>=2 Months & <3 Months	4,074,707	29	0.33%	0.25%
>=3 Months & <6 Months	6,738,054	40	0.55%	0.34%

**31 December 2021**

	<b>Balance (£)</b>	<b>Count</b>	<b>% of Balance</b>	<b>% of Count</b>
>=6 Months & <9 Months	2,699,741	18	0.22%	0.15%
>=9 Months & <12 Months	1,441,632	10	0.12%	0.09%
>= 12 Months	2,371,271	13	0.19%	0.11%
<b>Totals</b>	<b>1,235,140,612</b>	<b>11,617</b>	<b>100%</b>	<b>100%</b>

**31 December 2022**

	<b>Balance (£)</b>	<b>Count</b>	<b>% of Balance</b>	<b>% of Count</b>
<1 Months	1,304,862,869	13213	96.25%	97.78%
>=1 Months & <2Months	23,355,545	138	1.72%	1.02%
>=2 Months & <3 Months	7,957,758	45	0.59%	0.33%
>=3 Months & <6 Months	11,978,057	70	0.88%	0.52%
>=6 Months & <9 Months	3,936,301	25	0.29%	0.19%
>=9 Months & <12 Months	1,425,907	9	0.11%	0.07%
>= 12 Months	2,215,338	13	0.16%	0.10%
<b>Totals</b>	<b>1,355,731,774</b>	<b>13,513</b>	<b>100%</b>	<b>100%</b>

**31 December 2023**

	<b>Balance (£)</b>	<b>Count</b>	<b>% of Balance</b>	<b>% of Count</b>
<1 Months	1,386,227,484	14765	95.29%	97.34%
>=1 Months & <2Months	29,436,297	168	2.02%	1.11%
>=2 Months & <3 Months	9,597,016	57	0.66%	0.38%
>=3 Months & <6 Months	14,200,914	90	0.98%	0.59%
>=6 Months & <9 Months	5,788,175	37	0.40%	0.24%
>=9 Months & <12 Months	4,128,916	23	0.28%	0.15%
>= 12 Months	5,326,857	29	0.37%	0.19%
<b>Totals</b>	<b>1,454,705,659</b>	<b>15,169</b>	<b>100%</b>	<b>100%</b>

***Largest single Borrower***

The aggregate Current Balance of all Loans made to a single Borrower in the Portfolio does not exceed 0.16 per cent. of the aggregate Current Balance of all the Loans.

*Source: CCFS*



## INFORMATION RELATING TO THE REGULATION OF MORTGAGES IN THE UK

### *Regulated Mortgage Contracts*

In the UK, regulation of residential mortgage business under the FSMA came into force on 31 October 2004 (the date known as the "**Regulation Effective Date**"). Entering into a regulated mortgage contract as a lender, arranging a regulated mortgage contract or advising in respect of a regulated mortgage contract, and administering a regulated mortgage contract, (or 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 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.

The current definition of a Regulated Mortgage Contract (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 contract provides for the obligation of the borrower to repay is secured by a mortgage on land, at least 40 per cent. of which is used, or is intended to be used: (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**").

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 may commit a criminal offence. An unauthorised person who carries on the regulated mortgage activity of administering a Regulated Mortgage Contract that has been validly entered into may commit an offence, although this will not render the contract unenforceable against the borrower. The regime under the FSMA regulating financial promotions covers the content and manner of the promotion of agreements relating to qualifying credit and 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 enter into and 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 a 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 the Mortgage Loans and their Related Security. In the event that legal title is transferred to the Issuer upon the occurrence of a Perfection 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.

### ***FCA Consumer Duty***

The FCA published final rules on the introduction of a new consumer duty on regulated firms (the "**Consumer Duty**"), which aims to set a higher level of consumer protection in retail financial markets. The FCA published its final rules on the Consumer Duty in July 2022, which provide that the Consumer Duty applied from 31 July 2023 for products and services that remain open to sale or renewal and from 31 July 2024 for closed products and services.

The Consumer Duty applies to the regulated activities and ancillary activities of all firms authorised under the 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 applies 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.

## ***Distance Marketing***

In the United Kingdom, the Financial Services (Distance Marketing) Regulations 2004 (the "**Distance Marketing Regulations**") apply to, among other things, credit agreements 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 (and MCOB in respect of activities related to Regulated Mortgage Contracts) require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound by a distance contract for the supply of financial services in question and includes, but is not limited to, general information in respect of the supplier and the financial service, the contractual terms and conditions, and whether or not there is a right of cancellation.

A mortgage loan secured on land entered into with a borrower who is a consumer and originated by a United Kingdom lender (who is authorised by the FCA) from an establishment in the United Kingdom, will be subject to related pre-contract disclosure requirements in MCOB or the MCD Order (as applicable) but will not be cancellable under the Distance Marketing Regulations where relevant pre-contact disclosures have been made. Failure to comply with MCOB pre-contract disclosure rules could result in, among other things, disciplinary action by the FCA and claims for damages under section 138D of FSMA.

Certain other agreements for financial services will be cancellable under the 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: (i) the day after the day on which the contract is made (where all of the prescribed information has been provided prior to the contract being entered into); or (ii) the day after the day on which the last of the prescribed information is provided (where all of the 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 (interdict in Scotland) obtained by an enforcement authority, granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the 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: (a) the borrower is liable to repay the principal and any other sums paid by or on behalf of the originator to the borrower, under or in relation to the contract, within 30 calendar days beginning with the day of the Borrower sending the notice of cancellation or, if later, the originator receiving notice of cancellation; (b) the borrower is liable to pay interest, early repayment charges and other charges for services actually provided in accordance with the contract only if: (i) the amount is in proportion to the extent of the service provided (in comparison with the full coverage of the contract) and is not such that it could be construed as a penalty; (ii) the borrower received certain prescribed information at the prescribed time about the amounts payable; and (iii) the originator did not commence performance of the contract before the expiry of the relevant cancellation period (unless requested to do so by the borrower); and (c) any security provided in relation to the contract is to be treated as never having had effect.

## ***Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and the Consumer Rights Act 2015***

In the United Kingdom, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the "**1999 Regulations**"), together with (insofar as applicable) the Unfair Terms in Consumer Contracts Regulations 1994 (together with the 1999 Regulations, the "**UTCCR**"), applies to business to consumer agreements made on or after 1 July 1995 but prior to 1 October 2015 where the terms have not been individually negotiated. The Consumer Rights Act 2015 (the "**CRA**" or the "**Consumer Rights Act**") has revoked the UTCCR in respect of

contracts that: (a) were entered into on or after 1 October 2015; or (b) were, since 1 October 2015, subject to a material variation such that they are treated as new contracts falling within the scope of the Consumer Rights Act; the Consumer Rights Act now applies. The Consumer Rights Act is also applicable on or after 1 October 2015, to notices of variation, such as variation of interest rate under contracts (see "*Consumer Rights Act 2015*" below).

The UTCCR and the CRA provide that a consumer (which would include a borrower under all or almost all of the Loans) may challenge a term in an agreement on the basis that it is "unfair" within the UTCCR or the CRA as applicable and therefore not binding on the consumer (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term) and provide that a regulator may take action to stop the use of terms which are considered to be unfair. The FCA has stated that the finalised FCA guidance "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (see "*Consumer Rights Act 2015*" below) applies equally to factors that firms should consider to achieve fairness under the 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 under a loan, 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.

Historically the OFT, FSA and FCA (as appropriate) have issued guidance on the UTCCR. This has included: (i) OFT guidance on fair terms for interest variation in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on fairness of terms in consumer contracts dated May 2005; (iii) an FSA statement of good practice on mortgage exit administration fees dated January 2007; and (iv) FSA finalised guidance on unfair contract terms and improving standards in consumer contracts dated January 2012.

On 2 March 2015, the FCA updated its online unfair contract terms library by removing some of its material (including the abovementioned guidance) relating to unfair contract terms. The FCA stated that such material "no longer reflects the FCA's views on unfair contract terms" and that firms should no longer rely on the content of the documents that had been removed.

The extremely broad and general wording of the UTCCR and CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the UTCCR and 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 1999 and 30 September 2015 is found to be unfair for the purpose of the UTCCR, this may reduce the amounts available to meet the payments due in respect of the Notes.

The guidance issued by the FSA (and, as of 1 April 2013, the FCA), the OFT and the CMA has changed over time and it is possible that it may change in the future.

### ***Consumer Rights Act 2015***

The main provisions of the CRA came into force on 1 October 2015 and apply 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 made on or after 1 October 2015. The

CRA has revoked the UTCCR and introduced a new regime for dealing with unfair contractual terms as follows:

Under Part 2 of the Consumer Rights Act 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 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 is practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible to 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.

On 19 December 2018, the FCA published finalised guidance: "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (FG18/7), outlining factors the FCA considers firms should have regard to when drafting and reviewing variation terms in consumer contracts. This follows developments in case law, including at the Court of Justice of the EU. The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA stated that firms should consider both this guidance and any other rules that apply when they draft and use variation terms in their consumer contracts. The FCA stated that the finalised guidance will apply to FCA-authorized persons and their appointed representative in relation to any consumer contracts which contain variation terms.

The Unfair Contract Terms Regulatory Guide (UNFCOG in the FCA handbook) explains the FCA's policy on how it uses its formal powers under the CRA and the Competition and Markets Authority (the "CMA") published guidance on the unfair terms provisions in the CRA on 31 July 2015 (the "CMA Guidance"). The CMA indicated in the CMA Guidance that the fairness and transparency provisions of the CRA are regarded as being "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 to the UTCCRs".

In general, the interpretation of the UTCCR and/or the CRA is open to some doubt, particularly in light of sometimes conflicting reported case law between the English courts and the CJEU. The extremely broad and general wording of the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the 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 on

or after 1 October 2015 is found to be unfair for the purpose of the CRA, this may reduce the amounts available to meet the payments due in respect of the Notes. The guidance issued by the FSA (and as of 1 April 2013, the FCA), the OFT and the CMA has changed over time and it is possible that it may change in the future.

### *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.

### *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 prohibits certain practices which are deemed "unfair" within the terms of the CPUTR. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but is a criminal offence punishable by a fine and/or imprisonment.

The possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreements may result in irrecoverable losses on amounts to which such agreements apply. Most of the provisions of the Consumer Protection (Amendment) Regulations 2014 (SI No. 870/2014) came into force on 1 October 2014 and amended the CPUTR. In certain circumstances, these amendments to the CPUTR give consumers a right to redress for misleading or aggressive commercial practices (as defined in the CPUTR), including a right to unwind agreements.

### *FCA response to the cost of living crisis*

On 16 June 2022, the FCA sent a "Dear CEO" letter which stated that the FCA consider that the Mortgages Tailored Support Guidance published on 25 March 2021 (the "**Mortgages Tailored Support Guidance**") which was issued to address exceptional circumstances arising out of coronavirus, is also relevant for borrowers in financial difficulties due to other circumstances such as the rising cost of living. Therefore, if a borrower indicates that they are experiencing or reasonably expect to experience payment difficulties due to the rising cost of living, the FCA have said that lenders should offer prospective forbearance to enable them to avoid, reduce, or manage any payment shortfall that would otherwise arise. This includes borrowers who have not yet missed a payment.

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

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

On 13 March 2023, the FCA published finalised guidance: "Guidance for firms supporting their existing mortgage borrowers impacted by the rising cost of living" (FG23/2). The FCA stated that the purpose of the

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

In March 2021, the FCA stated that as the more immediate impacts of coronavirus begin to subside, they were considering whether they will need to make any permanent changes to their forbearance regimes for mortgages and credit in light of the Mortgages Tailored Support Guidance. It was proposed that this could include updating the rules and guidance in MCOB and incorporating elements of the Mortgages Tailored Support Guidance. On 25 May 2023, the FCA launched consultation CP23/13 setting out how they planned to incorporate aspects of the Mortgages Tailored Support Guidance into MCOB and withdraw the Mortgages Tailored Support Guidance.

On 10 April 2024, the FCA published PS24/2: Strengthening protections for borrowers in financial difficulty: Consumer credit and mortgages and the related Consumer Credit and Mortgages (Tailored Support) Instrument 2024 (FCA 2024/7). It also published FG24/2: Guidance for firms supporting existing mortgage borrowers impacted by rising living costs. The FCA have stated that they want to build on the Tailored Support Guidance and provide a stronger framework for lenders to protect customers facing payment difficulties, they are doing this by incorporating relevant aspects of the Tailored Support Guidance into their Handbook, as well as introducing further targeted changes. For mortgages, the FCA have changed their guidance to allow lenders more scope to capitalise payment shortfalls where appropriate and to improve disclosure for all customers in payment shortfall. The new rules will come into force on 4 November 2024 and the Tailored Support Guidance will be withdrawn at that time.

There can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Loans, including further amending and extending the scope of the above guidance.

### *Mortgage Charter*

On 26 June 2023, HM Treasury published the 'Mortgage Charter' in light of the current pressures on households following interest rate rises and the cost-of-living crisis. The Mortgage Charter states that the UK's largest mortgage lenders and the FCA have agreed with the Chancellor a set of standards that they will adopt when helping their regulated mortgage borrowers worried about high interest rates (the "**Mortgage Charter**"). OSB Group PLC, trading as Precise Mortgages and Kent Reliance (OSB GROUP PLC being the ultimate parent of CCFS) is a signatory to the Mortgage Charter and has agreed that, among other things, a borrower will not be forced to leave their home without their consent unless in exceptional circumstances, in less than a year from their first missed payment. In addition, lenders will permit borrowers who are up to date with their payments to: (i) switch to interest-only payments for six months (the "**MC Interest-only Agreement**"); or (ii) extend their mortgage term to reduce their monthly payments and give borrowers the option to revert to their original term within six months by contacting their lender (the "**MC Extension Agreement**"). These options can be taken by borrowers who are up to date with their payments without a new affordability check or affecting their credit score.

With the effect on and from 30 June 2023, the FCA has amended the Mortgages and Home Finance: Conduct of Business Sourcebook ("**MCOB**") to allow (rather than require) lenders to give effect to the MC Interest-only Agreement and the MC Extension Agreement. The amendments made by the FCA do not apply to second ranking mortgages or bridging loans. The FCA announced that it intends to review the impact of the rule changes within 12 months.

There can be no assurance that the FCA or other UK government or regulatory bodies, will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Loans, including further amending and extending the scope of the Mortgage Charter or related rules.

### ***Mortgage repossession***

A pre-action protocol for mortgage repossession cases in England and Wales came into force on 19 November 2008 (the **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 the 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 protocol in the Mortgage Repossessions (Protection of Tenants etc) Act 2010 (and, to the extent applicable, the MCOB requirements for mortgage possession cases) may have adverse effects in markets experiencing above-average levels of possession claims. Delays in the initiation of responsive action in respect of the Loans may result in lower recoveries and a lower repayment rate on the Notes.

### ***Assured Shorthold Tenancy (AST)***

Depending on the level of ground rent payable at any one time it is possible that a long leasehold may also be an Assured Tenancy ("**AT**") or Assured Shorthold Tenancy ("**AST**") under the Housing Act 1988 ("**HA 1988**"). If it is, this could have the consequences set out below.

A tenancy or lease will be an AT if granted after 15 January 1989 and:

- (a) the tenant or, as the case may be, each of the joint tenants is an individual;
- (b) the tenant or, as the case may be, at least one of the joint tenants occupies the dwelling-house as their only or principal home; and
- (c) if granted before 1 April 1990:
  - (i) the property had a rateable value at 31 March 1990 lower than £1,500 in Greater London or £750 elsewhere; and
  - (ii) the rent payable for the time being is greater than 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 three 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 three months' ground rent by the date of the court hearing,

the long lease will come to an end and the landlord will be able to re-enter the relevant property.

### ***Breathing Space Regulations***

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 (SI 2020/1311) ("**Breathing Space Regulations**") (which came into force on 4 May 2021) 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 in England and Wales with problem debt legal protection from creditor action for up to 60 days; and a mental health crisis breathing space will give an individual in England and Wales protection from creditor action for the duration of their mental health crisis treatment (which is not limited in duration) plus an additional 30 days.

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 February 2021, the FCA issued a policy statement (PS21/1) on the application of the Breathing Space Regulations, in which they confirm that no changes are currently being made to the rules under MCOB, in relation to how mortgage lenders should treat a "breathing space" as an indicator of payment difficulties. The FCA's view is that this is something that firms should take into account, but should not be treated more specifically than other potential indicators of payment difficulties.

### ***Matters relating to Help To Buy Loans***

In November 2020, the UK Government announced a new "Help to Buy" scheme to be made available to eligible borrowers from April 2021 to March 2023. The scheme involves a shared equity loan made available by the UK Government to Borrowers for the purchase of new homes of up to 20% of the cost of the new build home or up to 40% in London. The scheme is restricted to first-time buyers and includes regional upper limits

on the full property purchase price. Loans made by the UK Government under the 2021-2023 Help to Buy equity scheme are each a "**Help to Buy Government Loan**". Approximately 28.90 per cent. of the Loans by Current Balance in the Portfolio as at the Provisional Pool Date are Loans where the Borrower also has a Help to Buy Government Loan in respect of the relevant property (each a "**Help to Buy Loan**").

The Help to Buy Government Loan is secured by way of a second charge mortgage on the relevant property. Following a sale of a property which benefits from a Help to Buy Government Loan, the UK Government (through Homes England) will be repaid a pro rata amount of the disposal proceeds of the property equal to the percentage of the original purchase price funded by the Help to Buy Government Loan regardless of whether the disposal value has increased or decreased relative to the original purchase price. In circumstances where the disposal proceeds are insufficient to discharge in full both the Help to Buy Loan and the Help to Buy Government Loan secured on the property, the disposal proceeds will be applied to discharge the first ranking legal Mortgage and the remaining proceeds (if any) applied to discharge the Help to Buy Government Loan. Any disposal of a property which benefits from a Help to Buy Government Loan (including following an enforcement), will require the consent of Homes England which may result in a delay to the enforcement of the relevant Mortgage.

The second proposal announced by the UK Government to assist home buyers involves a guarantee provided by the UK Government for loans made to borrowers allowing for borrowings by potential purchasers with an up to 95 per cent. loan to value ratio (the "**Mortgage Guarantee Scheme**"). None of the Loans in the Portfolio benefit from the Mortgage Guarantee Scheme.

***Potential effects of any additional regulatory changes***

No assurance can be given that additional regulatory changes by or guidance from the CMA, the FCA, 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. Any such action or developments or compliance costs may have a material adverse effect on the Loans, the Seller, the Issuer, the Servicer and their respective businesses and operations.

## SUMMARY OF THE KEY TRANSACTION DOCUMENTS

### Mortgage Sale Agreement

#### *Portfolio*

Under a mortgage sale agreement entered into on or around the Closing Date between, among others, the Seller, the Issuer, the Security Trustee and the Servicer (the "**Mortgage Sale Agreement**"), on the Closing Date the Seller shall, subject to certain conditions being satisfied, sell, assign or otherwise transfer to the Issuer pursuant to the Mortgage Sale Agreement a portfolio of English and Welsh residential mortgage loans each secured by a Mortgage and, where applicable, other Related Security (the "**Loans**").

The Loans and their Related Security comprising the Portfolio will be assigned by way of equitable assignment to the Issuer and this is referred to as the "**sale**" by the Seller to the Issuer of the Loans and Related Security. The Loans and Related Security and all monies derived therefrom from time to time are referred to herein as the "**Portfolio**".

The consideration due to the Seller in respect of the sale of the Portfolio shall be:

- (a) the Initial Consideration, which is due and payable on the Closing Date; and
- (b) the deferred consideration payable to the Seller (or the Seller's nominee as the Seller may direct from time to time) from excess Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (the "**Deferred Consideration**"), as applicable.

The Seller shall transfer to the Issuer within two Business Days of the Closing Date an amount equal to all Collections received on the Loans from (but excluding) the Cut-Off Date to (but excluding) the Closing Date.

#### *Title to the Mortgages, Registration and Notifications*

The completion of the transfer of the Loans and their Related Security (and, where appropriate, their registration or recording) to the Issuer is, save in the limited circumstances referred to below, deferred. Legal title to the Loans and their Related Security therefore remains with the Seller until the occurrence of a Perfection Event. Notice of the sale of the Loans and their Related Security to the Issuer will not be given to any Borrower until the occurrence of a Perfection Event.

The transfers to the Issuer will be completed by or on behalf of the Seller on or before the 20th Business Day after any of the following Perfection Events occur:

- (a) the Seller being required to perfect legal title to the Loans and/or for the Related Security by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Seller or by any organisation of which the Seller is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders and with whose instructions it is customary for the Seller to comply; or
- (b) it becoming necessary by law to do any or all of the acts referred to in paragraph (a) above; or
- (c) the security created under or pursuant to the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy; or
- (d) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee; or
- (e) an Insolvency Event occurring in relation to the Seller; or

- (f) it becoming unlawful in any applicable jurisdiction for the Seller to hold legal title in respect of any Loan or its Related Security in the Portfolio; or
- (g) the Seller is in breach of its obligations under the Mortgage Sale Agreement, but only if (i) such breach, where capable of remedy, is not remedied to the reasonable satisfaction of (prior to the delivery of an Enforcement Notice) the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee (acting in accordance with the Deed of Charge) within 90 calendar days and (ii) Moody's and/or Fitch shall have provided confirmation that the then current ratings of the Notes will be withdrawn, downgraded or qualified as a result of such breach; or
- (h) an encumbrancer takes possession or a Receiver is appointed to any part of the undertaking, property and assets of the Seller having an aggregate value in excess of 10% of the total assets of the Seller or a distress, diligence or execution is levied or enforced upon or sued out against any part of the chattels or property of the Seller having an aggregate value in excess of 10% of the total assets of the Seller and, in the case of any of the foregoing events, is not discharged within 30 days (the "**Attached Assets**"), unless such Attached Assets (i) relate to a different business of the Seller to that generating and/or servicing the Mortgage Loans and the attachment of the encumbrance over the Attached Assets did not adversely impact the credit quality of the Seller and (ii) are not required by the Seller to enable it to observe or perform its obligations under the Transaction Documents or the enforceability or collectability of the Loans,

provided that the provisions of paragraphs (g) and (h) above shall (1) not apply if the Seller has delivered a certificate to the Security Trustee that the occurrence of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the UK Securitisation Regulation); and (2) be subject to such amendment as the Seller may require so long as the Seller delivers a certificate to the Security Trustee that the amendment of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the UK Securitisation Regulation). The Security Trustee shall be able to rely on such certificate without further enquiry and without liability to any person (each of the events set out in paragraphs (a) to (h) above inclusive being a "**Perfection Event**"). Until such Perfection Event occurs, the Seller will hold legal title to the Loans and their Related Security.

An "**Insolvency Event**" will occur in respect of a relevant entity in the following circumstances:

- (a) an order is made or an effective resolution is passed for the winding up of the relevant entity (or it proposes or makes any compromise or arrangement with its creditors); or
- (b) the relevant entity stops or threatens to stop payment to its creditors generally or the relevant entity ceases or threatens to cease to carry on its business or substantially the whole of its business; or
- (c) an encumbrancer takes possession or a Receiver is appointed to the whole or any material part of the undertaking, property and assets of the relevant entity or a distress, diligence or execution is levied or enforced upon or sued out against the whole or any material part of the chattels or property of the relevant entity and, in the case of any of the foregoing events, is not discharged within 30 days; or
- (d) the relevant entity is unable to pay its debts as they fall due or it is deemed under section 123 (1)(a) of the Insolvency Act 1986 to be unable to pay its debts (in the case of the Seller only, on the basis that the reference in such section to £750 was read as a reference to £10 million), section 123(1)(b), (d) and (e), 123(1)(c), (in the case of the Seller only, on the basis that the words "for a sum exceeding £10 million" were inserted after the words "extract registered bond" and "extract registered protest") and 123(2) (as that section may be amended); or
- (e) if proceedings are initiated against the relevant entity under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official

is appointed, in relation to the relevant entity or, as the case may be, in relation to the whole or any part of the undertaking or assets of any relevant entity, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order), unless initiated by the relevant entity, is not discharged within 30 days or if the relevant entity takes steps with a view to obtaining a moratorium in respect of any indebtedness.

Following a Perfection Event, notice of the legal assignments will be given to the Borrowers and the Issuer will take steps to register and record such legal assignments at the Land Registry.

Save for Title Deeds held at the Land Registry, all the Title Deeds and any relevant mortgage files and computer tapes relating to each of the Loans and their Related Security are held by the Seller or the Servicer (on behalf of the Seller) or its solicitors or agents and the Title Deeds are held in dematerialised form or are returned to the relevant instructed solicitors.

**"Title Deeds"** means, in relation to each Loan and its Related Security and the Property relating thereto, all conveyancing deeds, certificates and all other documents which relate to the title to the Property and the security for the Loan and all searches and enquiries undertaken in connection with the grant by the relevant Borrower of the related Mortgage.

**"Lending Criteria"** means, in respect of a Loan, the lending criteria of the Seller as at the date such Loan was granted.

**"Loan Files"** means the file or files relating to each Loan (including files kept in microfiche format or in a similar electronic data retrieval system or the substance of which is transcribed and held on an electronic data retrieval system) containing, *inter alia*, correspondence between the Borrower and the Seller and including mortgage documentation applicable to each Loan, each letter of offer for that Loan, the Valuation Report (if applicable) and, to the extent available, the solicitor's or licensed conveyancer's certificate of title.

**"Reasonable, Prudent Residential Mortgage Lender"** means a reasonably prudent residential mortgage lender lending to borrowers in England and Wales of the type contemplated in the Lending Criteria from time to time on terms similar to those set out in the relevant Lending Criteria.

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

#### *Representations and Warranties*

On the Closing Date, the Loan Warranties will be given by the Seller in respect of the Loans and their Related Security sold by the Seller to the Issuer on that day. 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.

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"**) are as follows:

- (a) each Loan was originated by the Seller and was at the time of origination, and continues to be, denominated in Sterling;
- (b) the particulars of the Loans set out in Exhibit 2 (Details of the Portfolio) of the Mortgage Sale Agreement were complete, true and accurate in respect of the data fields described in the Mortgage Sale Agreement;

- (c) each Loan and its Related Security was made on the terms of the Standard Documentation without any material variation thereto (other than any such variation as would be acceptable to a Reasonable, Prudent Residential Mortgage Lender) and nothing has been done subsequently to add to, lessen, modify or otherwise vary the express provisions of any of the same in any material respect (other than in cases where the Seller's prior consent was obtained);
- (d) all of the Borrowers are individuals and were aged 21 years or older as at the date of execution of the Loan;
- (e) the rate of interest under each Loan is charged monthly in accordance with the Standard Documentation, including any offer letter and the terms thereof;
- (f) all fees are either charged to the relevant Borrower in accordance with the Standard Documentation or waived in accordance with the practice of a Reasonable, Prudent Residential Mortgage Servicer;
- (g) at least one Monthly Instalment due in respect of each Loan has been paid by the relevant Borrower;
- (h) no Borrower is an employee or director of the Seller;
- (i) each Loan has a positive Current Balance;
- (j) each Loan is either a Fixed Rate Loan or a Floating Rate Loan;
- (k) each Loan has a term ending no later than February 2059;
- (l) no Loan is a Flexible Loan;
- (m) the Mortgage Conditions for each Loan do not require the Seller to agree to any Further Advance or any Port;
- (n) as at the Cut-Off Date, the total amount of interest or principal in arrears, together with any fees, commissions and premiums payable at the same time as that interest payment or principal repayment on any Loan did not exceed more than the amount of the Monthly Instalment then due;
- (o) the amount outstanding under each Loan is a valid debt to the Seller (as holder of the legal title to the Loan) from the Borrower arising from advances of money to the Borrower and, except for any Loan and its Related Security which is not binding by virtue of UTCCR or Consumer Rights Act, the terms of each Loan and its Related Security constitute valid, binding and legally enforceable obligations of the relevant parties except that (i) enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the courts' discretion in relation to equitable remedies and (ii) the warranty only applies in relation to interest and principal payable by the Borrower;
- (p) subject in certain appropriate cases to the completion of an application for registration or recording at the Land Registry, the whole of the Current Balance on each Loan and all future interest, fees, costs and expenses payable under or in respect of such Loan is secured by a Mortgage or Mortgages over a residential property and each Mortgage constitutes a valid and subsisting first charge by way of legal mortgage;
- (q) no Loan is wholly or partly regulated by the CCA or by the FSMA as a regulated credit agreement under Article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) or treated as such, or, to the extent that it is so regulated or partly regulated or treated as such, the Seller has complied with all of the relevant legal requirements of, and the procedures set out in, the CCA or the FSMA and all secondary legislation made pursuant thereto and the FCA handbook, as applicable;

- (r) no Loan (whether alone or with any related agreement) constitutes an unfair relationship for the purposes of sections 140A to 140C of the CCA;
- (s) all formal approvals, consents and other steps necessary to permit a legal and equitable or beneficial transfer of the Loans and their Related Security to be sold under the Mortgage Sale Agreement have been obtained or taken;
- (t) in relation to any leasehold Property, in any case where the Seller has received written notice from the relevant landlord that it is or may be taking reasonable steps to forfeit or irritate the lease of that Property, the Seller has taken such reasonable steps (if any) and in such time as would be taken by a Reasonable, Prudent Residential Mortgage Lender to protect its security and the Loan;
- (u) each Loan was originated by and made by the Seller on its own account pursuant to underwriting standards that are no less stringent than those the Seller applied at the time of origination to similar exposures that are not securitised;
- (v) with the exception of certain allowable fees being added to the aggregate balance of the Loan, the original advance being made under each Loan was not less than £25,001 but not more than £2,000,000 as at the relevant date of origination;
- (w) not more than 10 months prior to the grant of each Loan (or such longer period as would be acceptable to a Reasonable, Prudent Residential Mortgage Lender), the Seller received a valuation report from a valuer on the relevant property (or such other form of report concerning the valuation of the relevant property as would be acceptable to a Reasonable, Prudent Residential Mortgage Lender which includes for these purposes a desk-top valuation report), the contents of which were such as would be acceptable to a Reasonable, Prudent Residential Mortgage Lender;
- (x) prior to the taking of each Mortgage (other than a remortgage), the Seller: (i) instructed its solicitor or licensed 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 as are set out in the instructions which the Seller issued to the relevant solicitor or licensed conveyancer as are set out in the UK Finance Mortgage Lenders' Handbook for England and Wales in relation to Loans (or such comparable, predecessor or successor instructions and/or guidelines as may for the time being be in place), subject only to such variations made on a case-by-case basis as would have been acceptable to a Reasonable, Prudent Residential Mortgage Lender at the relevant time; and (ii) received a certificate of title from the solicitor or licensed conveyancer or referred to in sub-paragraph (i) relating to such property, the contents of which were such as would have been acceptable to a Reasonable, Prudent Residential Mortgage Lender at that time;
- (y) all of the Properties are residential properties located in England or Wales;
- (z) in relation to each Mortgage, so far as the Seller is aware, the Borrower has good and marketable title to the relevant Property (subject to registration of the title at the Land Registry) free from any encumbrance (except the Mortgage and any subsequent ranking mortgage) which would materially adversely affect such title and, without limiting the foregoing, in the case of a leasehold Property:
  - (i) the lease cannot be forfeited on the bankruptcy of the tenant; and
  - (ii) any requisite consent of the landlord to, or notice to the landlord of, the creation of the Related Security has been obtained or given;
- (aa) the Seller has instructed its solicitors to take all steps necessary to perfect the Seller's title to each Mortgage with all due diligence and there are no cautions, notices, inhibitions or restrictions which would prevent the registration or recording of the Mortgage in due course;

- (bb) the Seller has not waived any of its rights under or in relation to a Loan or its Related Security which would materially reduce the value of the Loan, other than its rights against a valuer where the valuer has relied on an EWS1 Form;
- (cc) the terms of the loan agreement or Related Security relating to each Loan are not "unfair terms" within the meaning of the UTCCR or Consumer Rights Act but this warranty shall only be construed as to apply in respect of principal and interest due or charged on the Loan and not in respect of any Early Repayment Charges;
- (dd) the Mortgage Conditions for each Loan require the Property over which the Loan is secured to be insured to an amount not less than the full reinstatement cost as determined by the relevant valuer or automated valuation model (as applicable);
- (ee) save for Title Deeds held at the Land Registry, all the Title Deeds and any relevant mortgage files and computer tapes relating to each of the Loans and their Related Security are held by the Seller or the Servicer (on behalf of the Seller) or its solicitors or agents or the Title Deeds are held in dematerialised form or are returned to the 'relevant instructed solicitors;
- (ff) the Seller has good and marketable title to, and immediately prior to the sale of such Loan is the absolute unencumbered beneficial owner of, each Loan and its Related Security, subject in each case only to the Mortgage Sale Agreement, the Borrowers' equity of redemption and subject to registration or recording at the Land Registry of the Seller as proprietor of the relevant Mortgage;
- (gg) the Seller has complied with all applicable material requirements of law or of any person who has regulatory authority which has the force of law in respect of the Loan and its Related Security;
- (hh) the Seller or the Servicer has kept such accounts, books and records as are necessary to show all material transactions, payments, receipts and proceedings relating to that Loan and its Related Security and all such accounts, books and records are in the possession of the Seller or the Servicer;
- (ii) the Seller has at all relevant times held, and continues to hold, authorisation and appropriate permissions from the FCA for conducting all regulated activities specified in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended) carried on by it in respect of each Loan;
- (jj) so far as the Seller is aware, neither they nor the Servicer or any of their agents have received written notice of any litigation, claim, dispute or complaint (in each case, subsisting, threatened or pending) in respect of any Borrower, Loan or Related Security which (if adversely determined) would have a material adverse effect on amounts recoverable in relation to the Loans;
- (kk) prior to the granting of each Loan, the Lending Criteria and all other conditions precedent to making the Loan were satisfied in all material respects, subject to such exceptions as would be acceptable to a Reasonable, Prudent Residential Mortgage Lender;
- (ll) other than with respect to Monthly Instalments (subject to Loan Warranty (n)), to the best of the Seller's knowledge and belief no Borrower is or has, since the date of the execution of the relevant Loan, been in breach of any obligation owed with respect to the relevant Loan or its Related Security which would materially reduce the value of the loan; and no steps have been taken by the Seller to enforce any Related Security, provided that a Borrower will not be deemed to be in breach as a result of a failure to obtain buildings insurance where such failure in relation to a Loan is covered under the Block Insurance Policies;
- (mm) to the best of the Seller's knowledge, no act or circumstance has occurred which will adversely affect the Properties in Possession Cover or entitle the insurers to refuse payment or reduce the amount payable;



- (nn) to the best of the Seller's knowledge, no Loan or its Related Security is subject to any right of rescission, set-off, lien, counterclaim or defence;
- (oo) none of the property 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 or section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017;
- (pp) no Loan had an original LTV greater than 90% as at the Cut-Off Date in relation to such Loan, disregarding for such purposes any fees which have been capitalised and added to the balance of the Loan on or after origination;
- (qq) the terms of the Mortgage Loan require that the Borrower does not grant a lease or tenancy of all or any part of the Property and so far as the Seller is aware, no breach has occurred in relation to granting a lease or tenancy of any Property;
- (rr) so far as the Seller is aware, in relation to each Mortgage every person who, at the date upon which the relevant Mortgage Loan was made, had attained the age of 18 and who had been notified to the Seller as residing or being about to reside in a Property subject to a Mortgage, either (i) is the Borrower or (ii) has signed a deed of consent so as to ensure that the relevant Property is not subject to any right of occupancy;
- (ss) no Loan was or is: (i) a Buy-to-Let Loan or (ii) a Self-Certified Loan;
- (tt) each Loan and its Related Security is governed by and subject to the laws of England and Wales;
- (uu) the value of the Properties in connection with each Loan has been determined at origination in accordance with the standards and practices of the RICS Valuation Standards (including those relating to competency and required documentation) by an individual valuer who is an employee or a contractor of a valuer firm engaged by the Seller and accredited to the Seller's valuers panel who is a fellow, member or associate member of the Royal Institution of Chartered Surveyors ("**RICS**") and whose compensation is not affected by the approval or non-approval of the Loan;
- (vv) the Loan was granted to the relevant Borrower for the acquisition of their main residence;
- (ww) as at the Closing Date, no Mortgage has been subject to any variation, amendment, modification, waiver or exclusion of time of any kind which in any material way adversely affects its enforceability or collectability;
- (xx) as at the Closing Date, each Loan has a standardised risk weight equal to or smaller than 40 per cent., as does the exposure value-weighted average basis for the Portfolio, as per such terms described in Article 243 of the UK CRR;
- (yy) to the best of the Seller's knowledge, no Borrower has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within six years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the Closing Date;
- (zz) to the best of the Seller's knowledge, (i) at the time of origination of the relevant Loan, no Borrower appeared on a register available to the Seller of persons with an adverse credit history or (ii) as at the Portfolio Reference Date, no Borrower had a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made was significantly higher than for comparable exposures held by the Seller which are not included in the Portfolio;

- (aaa) no loan has an indexed LTV higher than 100%; and
- (bbb) to the best of the Seller's knowledge, as at the date of origination no Borrower had a credit risk assessment indicating, based on the Seller's underwriting policy, a significant risk that contractually agreed payments will not be made.

Neither the Security Trustee, the Arranger nor 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.

As used in this Prospectus:

**"Buy-to-Let Loan"** means any residential loan taken out by a Borrower in relation to the purchase or re-mortgage of a Property for letting purposes.

**"Cut-Off Date"** means 30 April 2024.

**"EWS1 Form"** means the form published by the RICS from time to time in relation to an external wall system (EWS) or attachments and provided to valuers or lenders by a building owner to confirm assessment by a suitable expert;

**"Further Advance"** means, in relation to a Loan, any advance of further money to the relevant Borrower following the advance of the initial principal amount by the Seller to the relevant Borrower under a Loan ("**Initial Advance**") which is secured by the same Mortgage as the Initial Advance, but does not include the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage.

**"Port"** or "**Porting**" means the transfer of the Mortgage in respect of a Loan from an existing Property to a new Property where the new Property provides replacement security for the repayment by the Borrower of the relevant Loan.

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

- (a) agreed with a Borrower to control or manage arrears on the Loan;
- (b) required by applicable law, statute, regulation or regulatory guidance; or
- (c) in the rate of interest payable in respect of a Loan as a result of the operation and effect of and/or as contemplated by the existing terms of the Loan.

If the variation in the financial terms and conditions applicable to a Loan results in a Fixed Rate Loan, such variation will constitute a "Product Switch".

The addition or release of a party to a Loan (including but not limited to transfers of equity, changes in guarantor and/or changes in legal title) shall not be considered to be a "Product Switch" (save where, subject to paragraphs (a) to (c) above, such addition or release involves a variation in the financial terms and conditions applicable to such Loan).

**"RICS Valuation Standards"** means the Professional Standards UK January 2014 (revised April 2015) (or, if a subsequent edition of the RICS Valuation Standards has been published at the relevant time, the relevant valuation standard of the then most recently published edition of the RICS Valuation Standards).

**"Self-certified Loan"** means a Loan in respect of which the Borrower's income has not been verified.

### *Further Advances, Porting and Product Switches*

**Further Advances:** The Seller shall be solely responsible to fund any Further Advance which is advanced to a Borrower. The Issuer shall purchase Further Advances from the Seller on the date that the relevant Further Advance is advanced to the relevant Borrowers by the Seller. The Seller will have an obligation to repurchase each Loan and its Related Security in respect of which a Further Advance has been made in accordance with the provisions of the Mortgage Sale Agreement (see "*Repurchase by the Seller*" below for more details).

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

**Porting:** The Seller (or the Servicer on behalf of the Seller) may offer a Borrower (and the Borrower may accept), or a Borrower may request, a Port. The Seller has an obligation to repurchase each Loan and its Related Security which has been subject to a Port (see "*Repurchase by the Seller*" below for more details).

The Seller (or the Servicer on its behalf) will be solely responsible for offering and documenting any Port. Neither the Servicer nor the Seller shall make an offer to, or accept an application from, a Borrower for a Port if it would result in the Issuer arranging or advising in respect of, administering (servicing) or entering into a regulated mortgage contract or agreeing to carry on any of these activities or if the Issuer would be required to be authorised under the FSMA to do so.

**Product Switches:** The Seller (or the Servicer on behalf of the Seller) may offer a Borrower (and the Borrower may accept), or a Borrower may request, a Product Switch. The Seller has an obligation to repurchase each Loan and its Related Security which has been subject to a Product Switch (see "*Repurchase by the Seller*" below for more details).

The Seller (or the Servicer on its behalf) will be solely responsible for offering and documenting any Product Switch. Neither the Servicer nor the Seller shall make an offer to a Borrower for a Product Switch if it would result in the Issuer arranging or advising in respect of, administering (servicing) or entering into a regulated mortgage contract or agreeing to carry on any of these activities or if the Issuer would be required to be authorised under the FSMA to do so.

### ***Repurchase by the Seller***

The Seller will agree to be liable for the repurchase of any Loan and its Related Security sold pursuant to the Mortgage Sale Agreement in the following circumstances:

- (a) *Breach of Loan Warranties on the Closing Date.* If any Loan Warranty made by the Seller in relation to that Loan and/or its Related Security proves to be materially untrue as at the Closing Date and that default has not been remedied in accordance with the Mortgage Sale Agreement;
- (b) *Further Advance.* The Seller shall repurchase any Loan and its Related Security in respect of which a Further Advance was made by no later than the last calendar day of the month immediately following the end of the Monthly Period in which such Further Advance is made in accordance with the terms of the Mortgage Sale Agreement;
- (c) *Product Switches.* Any Loan which has been subject to a Product Switch will be repurchased by the Seller, together with its Related Security, by no later than the last calendar day of the month immediately following the end of the Monthly Period in which such Product Switch is made in accordance with the Mortgage Sale Agreement; and

- (d) *Porting.* Any Loan which has been subject to a Port will be repurchased by the Seller, together with its Related Security, by no later than the last calendar day of the month immediately following the end of the Monthly Period in which such Port is made in accordance with the Mortgage Sale Agreement.

If there is a material breach of any of the Loan Warranties, the Issuer will notify the Seller (with a copy to the Security Trustee) as soon as reasonably practicable and in any event within 30 days of discovery of such breach or breaches, specifying the Loans and/or the Related Security to which such breach or breaches relate and (in reasonable detail having regard to its level of knowledge) the facts giving rise to such breach or breaches and where practicable what, in its reasonable opinion, is its best estimate (on a without prejudice basis) of the amount of any warranty claim, and, if such matter is capable of remedy, the Seller shall use all reasonable endeavours to remedy such matter within 35 days from and including the date upon which the Issuer or Security Trustee notifies it of the relevant breach.

If the matter giving rise to the breach of a Loan Warranty is capable of being remedied but the Seller fails to remedy such matter within the above 35-day period or the relevant breach is not capable of being remedied, then the Issuer shall serve upon the Seller (with a copy to the Security Trustee) a loan repurchase notice in duplicate substantially in the form set out at Schedule 4 (*Loan Repurchase Notice*) of the Mortgage Sale Agreement (the "**Loan Repurchase Notice**"), requiring the Seller to repurchase the relevant Loan and its Related Security.

Upon receipt of a Loan Repurchase Notice duly signed on behalf of the Issuer, the Seller shall promptly sign and return the Loan Repurchase Notice, and the Seller shall be required to repurchase from the Issuer, and the Issuer shall accordingly assign or transfer to the Seller free from the Security created by or pursuant to the Deed of Charge, the relevant Loan or Loans and its (or their) Related Security. The repurchase of the relevant Loan and the payment of the purchase price shall take place on the date specified by the Issuer in the Loan Repurchase Notice, provided that the date so specified by the Issuer shall be: (i) in respect of each Loan subject to a Further Advance, Port and/or a Product Switch, a date no later than the last calendar day of the month immediately following the end of the Monthly Period in which such Further Advance, Port and/or Product Switch was made; or (ii) in respect of all other repurchases, a date no earlier than 15 days and no later than 35 days after receipt by the Seller of the Loan Repurchase Notice.

The consideration payable by the Seller in respect of the repurchase of an affected Loan and its Related Security (other than in respect of Written Off Loans) shall be equal to the sum of: (a) the Current Balance of the relevant Loan (or the aggregate of the Current Balances of the relevant Loans, as the case may be) as at the last day of the Monthly Period immediately preceding the date of repurchase minus (i) the amount of any reduction in Current Balance as a result of the exercise of any set-off right which the relevant Borrower(s) have against the Seller; (ii) in respect of any repurchase arising in respect of a Loan subject to a Further Advance, a Porting and/or a Product Switch, the amount of any product fee payable by the relevant Borrower in relation to such Further Advance, Porting and/or Product Switch which has been capitalised and (iii) the amount of any Further Advance; and (b) an amount equal to the Repurchase Costs (if any) in connection with such repurchase.

Following a repurchase of the relevant Loan or Loans and its (or their) Related Security, the Servicer (on behalf of the Seller) shall be entitled to withhold an amount equal to all Collections received in respect of the relevant Loan or Loans and its (or their) Related Security from (but excluding) the last day of the Monthly Period immediately preceding the date of such repurchase to (but excluding) the date of such repurchase from future transfers of Collections to the Deposit Account under the Servicing Agreement.

As used in this Prospectus:

"**Business Day**" means a day (other than a Saturday or Sunday or a public holiday) on which banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

"**Calculation Date**" means, in relation to a Collection Period, the day falling four Business Days prior to the Interest Payment Date immediately following the end of such Collection Period.

"**Certificate of Title**" means, in respect of a Property, a solicitor's or licensed conveyancer's report or certificate of title obtained by or on behalf of the Seller in respect of such Property substantially in the form of the pro forma set out in the Standard Documentation.

"**Collection Period**" means the monthly period commencing on (and including) a Collection Period Start Date and ending on (but excluding) the immediately following Collection Period Start Date, except that the first Collection Period will commence on (and include) 1 May 2024 and end on (and exclude) the Collection Period Start Date falling in July 2024.

"**Collection Period Start Date**" means the first calendar day of each calendar month in each year, the first Collection Period Start Date being 1 May 2024.

"**Enforced Loan**" means a Loan in respect of which the Related Security has been enforced and the related Property has been sold.

"**Fixed Rate Loan**" means a loan to the extent that and for such time as the interest rate payable by the relevant Borrower on all or part of the principal balance does not vary and is stated to be on a fixed rate for a fixed period of time by the Seller (that was offered by the Seller as a product to its borrowers generally) (excluding any concessionary arrangements entered into by the Seller (or the Servicer on its behalf) with a Borrower in accordance with its arrears, repossessions and forbearance policy).

"**Flexible Loan**" means a loan in respect of which the Borrower has exercisable redraw rights under the relevant loan.

"**Floating Rate Loan**" means a Loan where the applicable rate of interest is the Floating Mortgage Rate.

"**Insurance Policies**" means, with respect to the Mortgages, the Block Insurance Policies and any other insurance contracts in replacement, addition or substitution thereof from time to time which relate to the Loans.

"**Monthly Instalment**" means the amount which the relevant Mortgage Conditions require a Borrower to pay on each monthly payment date in respect of that Borrower's Loan.

"**Monthly Period**" means the monthly period commencing on and including the first calendar day of each month and ending on and including the last calendar day of each month except that the first Monthly Period will commence on 1 May 2024 and end on the last calendar day of June 2024.

"**Mortgage**" means, in respect of any Loan, each first fixed charge by way of legal mortgage secured over a Property located in England or Wales, which is, or is to be, sold, assigned or transferred by the Seller to the Issuer pursuant to the Mortgage Sale Agreement 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 applicable to such Loan (including, without limitation, the Seller's relevant general conditions) 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 that Mortgage.

"**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.

"**Property**" means a freehold, leasehold or commonhold property which is subject to a Mortgage.

"**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.

"**Related Security**" means, in relation to a Loan, the security granted for the repayment of that Loan by the relevant Borrower, including the relevant Mortgage and all rights, remedies or benefits related thereto, including:

- (a) the benefit of all affidavits, consents, renunciations, guarantees, indemnities, waivers and postponements (including any deed of consent) from occupiers and other persons having an interest in or rights in connection with the relevant Property;
- (b) each right of action of the Seller against any person (including any solicitor, licensed conveyancer, valuer, registrar or registry or other person) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion (including each Certificate of Title and Valuation Report) given or received in connection with all or part of any Loan and its Related Security or affecting the decision of the Seller to make or offer to make all or part of the relevant Loan; and
- (c) the benefit of (including 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 (taken out by or on behalf of the relevant Borrower) deposited, charged, obtained, or held in connection with the relevant Loan, Mortgage and/or Property and relevant Loan Files.

"**Repurchase Cost**" means the Issuer's costs and expenses associated with transferring its interests in any Loan and its Related Security to the Seller.

"**Standard Documentation**" means the standard documentation of the Seller, 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.

#### *Call Option*

The Issuer will grant to the Seller the Call Option under the Mortgage Sale Agreement. If the Call Option is exercised by the Seller, the Issuer will redeem the Collateralised Notes in full on or following the Optional Redemption Date, which is likely to limit the market value of the Notes. See "*Early Redemption of the Collateralised Notes*" above for more information relating to the Call Option.

#### *Designated entity*

CCFS been appointed as the designated entity under Article 7(2) of the UK Securitisation Regulation and has accepted such appointment.

#### *Governing Law*

The Mortgage Sale Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

#### **Servicing Agreement**

The Issuer, the Security Trustee, the Seller, the Servicer and the Back-Up Servicer Facilitator will enter into, on or around the Closing Date, an agreement pursuant to which the Servicer agrees to service the Loans and their Related Security (the "**Servicing Agreement**"). The services to be provided by the Servicer are set out in the Servicing Agreement and include any services incidental thereto as may be agreed to in writing by the Issuer, the Seller, the Security Trustee and the Servicer (the "**Services**").

On or about the Closing Date, the Servicer will be appointed by the Issuer and, as applicable, the Seller to be its agent to service the Loans and their Related Security. The Servicer must comply with any proper directions and instructions that the Issuer or, following the Security Trustee notifying the Servicer that an Enforcement Notice has been served, the Security Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement.

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 set out therein) are binding on the Issuer.

#### *Powers*

The Servicer has the power, among other things:

- (a) to exercise the rights, powers and discretions of the Issuer and the Seller in relation to the Loans and their Related Security and to perform the obligations of the Issuer and the Seller in relation to the Loans and their Related Security; and
- (b) to do or cause to be done any and all things which it reasonably considers necessary, convenient or incidental to the servicing of the Loans and their Related Security or the exercise of such rights, powers and discretions.

If the Borrower requests that the Loan is re-calculated following such overpayment, following the re-allocation of such overpayment amounts, the Servicer shall be entitled to make all necessary adjustments to reflect the allocation of the overpayment amounts and will include such adjustments in the Servicer Report for that Collection Period.

#### *Undertakings by the Servicer*

The Servicer has undertaken, among other things, to:

- (a) service the Loans and their Related Security sold by the Seller to the Issuer as if the same had not been sold to the Issuer but had remained with the Seller in accordance with the Servicer's servicing, arrears and enforcement policies and procedures applicable to the Seller's loans from time to time as they apply to those Loans;
- (b) use reasonable endeavours to assist CCFS in complying with the UK Securitisation Regulation and its contractual obligations in relation to the EU Securitisation Regulation;
- (c) give such time and attention and exercise such skill, care and diligence in the performance of the Services and any other obligation contained in the Servicing Agreement and will provide those Services and perform such other obligations to the same standard as a Reasonable, Prudent Residential Mortgage Servicer;
- (d) comply with any proper orders and instructions which the Issuer may from time to time give to it in accordance with the provisions of the Servicing Agreement;
- (e) keep in force all approvals, authorisations, permissions, consents and licences required in order properly to service the Loans and their Related Security and to perform or comply with its obligations under the Servicing Agreement, and to prepare and submit all necessary applications and requests for any further approvals, authorisations, permissions, registrations, consents and licences required in connection with the performance of the Services under the Servicing Agreement and in particular any necessary notification or payment of fees under the Data Protection Laws and any authorisation and permissions under the FSMA;

- (f) not knowingly fail to comply with any applicable legal and regulatory requirements in the performance of the Services; and
- (g) make all payments required to be made by it pursuant to the Servicing Agreement (as to which see further below) on the due date for payment in Sterling (or as otherwise required under the Transaction Documents) in immediately available funds for value on such day without any set-off (including in respect of any fees owed to it) except any deductions required by law (or as expressly permitted under the Servicing Agreement).

#### *Back-Up Servicer Facilitator*

The Issuer will appoint the Back-Up Servicer Facilitator in accordance with the Servicing Agreement. If the Servicer's appointment is terminated, the Back-Up Servicer 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.

#### *Setting of Interest Rates on the Loans*

Subject to the terms of the Mortgage Sale Agreement, each of the Issuer and the Seller grants the Servicer full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine and set the Floating Mortgage Rates in relation to the Floating Rate Loans sold by the Seller to the Issuer which have not at the relevant date of determination been repurchased by the Seller, provided that the interest due on the Floating Rate Loans is set by reference to SONIA or BBR as determined in accordance with the relevant Mortgage Conditions.

#### *Further Advances, Porting and Product Switches*

The Servicer will undertake with the Issuer and the Security Trustee that, where the Servicer is not the same entity as the Seller, it will not agree to pay or make a Further Advance, or a Port or a Product Switch without first having received confirmation in writing from the Seller that the Seller will repurchase the relevant Loan and its Related Security from the Issuer in accordance with the Mortgage Sale Agreement.

#### *Operation of the Collection Accounts*

The Servicer will operate the Collection Accounts, opened in the name of the Seller with the Collection Account Bank in accordance with the terms of the Servicing Agreement and the Collection Accounts Declaration of Trust (as to which, see "*The Collection Accounts Declaration of Trust*" below). Revenue Receipts and Redemption Receipts arising in relation to the Loans will be paid directly into the relevant Collection Accounts. The Servicer shall transfer to the Deposit Account all Collections received into the Non-DD Collection Account arising in respect of non-Direct Debit payments received from Borrowers within five Business Days of the identification of such amounts received into the Non-DD Collection Account.

#### *Replacement of Collection Account Bank*

The Servicer shall monitor the Collection Account Bank for any Insolvency Event and confirms that in the event of the occurrence of an Insolvency Event of the Collection Account Bank, the Servicer shall, as directed by the Issuer and as agreed in writing by the Seller, assist the Seller in opening one or more replacement Collection Accounts in the name of the Seller with a financial institution which: (i) is approved in writing by the Issuer and the Security Trustee; (ii) is a bank as defined in section 991 of the Income Tax Act 2007; and (iii) is of a reputable standing, as soon as reasonably practicable and in any event within 30 calendar days.

In the event a replacement collection account is opened, the Servicer shall procure that (i) all Direct Debit mandates are transferred to such replacement collection account; (ii) all Monthly Instalments made by a Borrower under a payment arrangement other than the Direct Debiting Scheme are made to such replacement collection account from the date on which the replacement collection account is opened; and (iii) all amounts



standing to the credit of the relevant Collection Account be transferred to the replacement collection account(s) promptly after the replacement collection account is opened.

**"Direct Debiting Scheme"** means the system for the manual or automated debiting of bank accounts by Direct Debit operated in accordance with the principal rules of certain members of the Association for Payment Clearing Services.

#### *Cash Flow Model*

The Servicer will make available to the holders of the Notes a cash flow model, either directly or indirectly through one or more entities which provide such cash flow models to investors generally. The Servicer shall procure that such Cash Flow Model precisely represents the contractual relationship between the Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer. The Cash Flow Model shall be made available via Moody's Analytics until the Notes have been redeemed in full on an ongoing basis to investors in the Notes and potential investors upon request.

#### *Compensation of the Servicer*

The Servicer receives fees under the terms of the Servicing Agreement. In consideration for providing Services other than carrying out certain duties and obligations set out in the Servicing Agreement, the Issuer shall pay to the Servicer a fee (inclusive of VAT, if any) of up to an aggregate amount calculated on the basis of the number of days elapsed in each calendar month over a 365-day year (or over a 366-day year in a leap year) by applying a rate of 0.25 per cent. per annum on the aggregate Current Balance of the Loans (excluding any Enforced Loans) on the Collection Period Start Date at the start of the immediately preceding Collection Period (the "**Servicer Fee**").

The Servicer Fee is payable monthly in arrear on each Interest Payment Date in the manner contemplated by and in accordance with the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments.

#### *Removal of the Servicer*

Subject to the prior written consent of the Security Trustee, the Issuer may at once or at any time thereafter while such default continues, by notice in writing to the Servicer (with a copy to the Security Trustee and the Back-Up Servicer Facilitator), terminate the Servicer's appointment under the Servicing Agreement if a Servicer Termination Event occurs and is continuing (see "*Servicer Termination Events*" in the "*Transaction Overview – Triggers Tables – Non-Rating Triggers Table*").

#### *Voluntary Resignation*

The Servicer may voluntarily resign by giving not less than three months' written notice to the Security Trustee, the Issuer and the Back-Up Servicer Facilitator (or such shorter time as may be agreed between the Servicer, the Issuer, the Security Trustee and the Back-Up Servicer Facilitator), provided that: (i) a substitute servicer shall be appointed, such appointment to be effective not later than the date of such termination; (ii) such substitute servicer is qualified to act as such under the FSMA and has the requisite experience of servicing residential mortgage loans in the United Kingdom and is approved by the Issuer and the Security Trustee; (iii) such substitute servicer enters into a servicing agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute servicer agrees to assume and perform all the material duties and obligations of the Servicer under the Servicing Agreement; and (iv) (if Class A Notes remain outstanding) the then current ratings of the Class A Notes are not adversely affected as a result thereof, unless the Security Trustee and the Class A Noteholders (the Class A Noteholders acting by way of an Extraordinary Resolution) otherwise agree.

### *Delivery of documents and records*

If the appointment of the Servicer is terminated or the Servicer resigns, the Servicer must deliver to the Issuer or the Security Trustee (or as the Issuer or the Security Trustee shall direct in writing and, in the event of a conflict between directions from the Issuer and directions from the Security Trustee, the directions from the Security Trustee shall prevail), *inter alia*, the Title Deeds and Loan Files relating to the Loans and their Related Security in its possession.

Neither the Note Trustee nor the Security Trustee is obliged to act as servicer in any circumstances.

### *Enforcement Procedures*

To the extent that any amount cannot be collected from any Borrower and the Servicer is unable to undertake its primary obligation to collect such amounts, the Loan will be passed to the special servicing team of the Servicer, who will undertake debt collection activities in addition to the cash management activities outlined above. The Servicer will, in relation to any default by a Borrower under or in connection with a Loan, comply with the enforcement procedures or, to the extent that the enforcement procedures are not applicable having regard to the nature of the default in question, take such action as complies with the standard of a Reasonable, Prudent Residential Mortgage Servicer providing debt collection services in respect of such default, provided that:

- (a) the Servicer shall only become obliged to comply with the enforcement procedures (to the extent applicable) or to take action as aforesaid after it has become aware of the default; and
- (b) it is acknowledged by the Issuer that mortgage servicers generally exercise discretion in pursuing their respective enforcement procedures and that the Servicer may exercise such discretion as would be exercised by a Reasonable, Prudent Residential Mortgage Servicer in applying the enforcement procedures to any particular defaulting Borrower or taking action as referred to above or in enforcing any relevant guarantee but without prejudice to the other provisions of the Servicing Agreement in connection with the payment of money into the relevant Collection Account; and
- (c) the Servicer may exercise forbearance or take such other action in accordance with the practice of a Reasonable, Prudent Residential Mortgage Servicer in relation to the recovery of amounts from Borrower(s) and/or the relevant Property.

### *Issuer's Liability*

The Issuer shall fully and continually indemnify the Servicer against any loss, damage, cost, charge, award, claim, demand, expense, judgment, action, proceeding or other liability, including legal costs and expenses properly incurred (including, in each case, Irrecoverable VAT in respect thereof but excluding any other Tax), which the Servicer sustains or incurs in connection with the performance of the Services under the Servicing Agreement other than any losses, liabilities, claims, expenses or damages (including, in each case and without limitation, any amounts in respect of Irrecoverable VAT in relation thereto) incurred or sustained by the Servicer as a result of its fraud, wilful default or Gross Negligence.

**"Irrecoverable VAT"** means any amount in respect of VAT incurred by a party to the Transaction Documents (for the purposes of this definition, a **"Relevant Party"**) as part of a payment in respect of which it is entitled to be reimbursed or indemnified under the relevant Transaction Documents to the extent that the Relevant Party does not or will not receive and retain a credit, deduction or repayment of such VAT as input tax (as that expression is defined in section 24(1) VATA or under Article 168 of the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) or any provision of a similar nature, under the law of a member state of the European Union or elsewhere).

### *Limit to Servicer's Liability*

The Servicer's liability in contract, tort (including negligence or breach of statutory or regulatory duty) or otherwise in respect of the Servicing Agreement shall: (a) be limited to £2,000,000 (two million pounds) in aggregate for so long as the Servicer is appointed under the Servicing Agreement; and (b) not include any claim for any increased costs and expenses, loss of profit, business, contracts, revenues or anticipated savings or for any special indirect or consequential damage of any nature whatsoever.

However, the Servicer's limitation of liability pursuant to the Servicing Agreement shall not apply in respect of any liability arising as a result of the fraud, wilful default or Gross Negligence of the Servicer. In the Servicing Agreement, "**Gross Negligence**" means any act or omission of the Servicer which falls below the level of care and skill that could reasonably be expected of a prudent party, in circumstances where that act, conduct or omission (as applicable) also shows a deliberate and/or manifestly careless or reckless disregard of potential consequences of such act or omission on the interests of another party and could reasonably be expected to cause significant prejudice to the interests of that other party.

### *Governing Law*

The Servicing Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

### **Cross-collateral Mortgages and Cross-collateral Rights**

The conditions of each of the Mortgages (each a "**Cross-collateral Mortgage**") provide, among other things, some rights (the "**Cross-collateral Rights**") which allow the relevant mortgagee of any such Cross-collateral Mortgage:

- (a) to declare immediately due and repayable each liability secured by that Cross-collateral Mortgage and to exercise the statutory power of sale under that Cross-collateral Mortgage if and when the mortgagee of any other Cross-collateral Mortgage in the name of the same mortgagor is entitled to declare immediately due and repayable any liability secured by that other Cross-collateral Mortgage; and
- (b) to apply the proceeds of enforcement under the Cross-collateral Mortgages of the relevant mortgagor against all liabilities secured by the Cross-collateral Mortgages.

On or about the Closing Date, the Issuer will accede to a cross-collateral mortgage rights deed (the "**Cross-collateral Mortgage Rights Deed**") to regulate the respective rights between each person who as of the date of this Prospectus has or may have a beneficial interest in any Mortgage that is a Cross-collateral Mortgage that includes Cross-collateral Rights which may apply to one or more of the Mortgages.

The Cross-collateral Mortgage Rights Deed seeks to provide that each party thereto who is a beneficial owner of a Cross-collateral Mortgage: (i) shall only have Cross-collateral Rights in respect of Cross-collateral Mortgages that it beneficially owns; (ii) waives all rights to exercise Cross-collateral Rights in respect of other Cross-collateral Mortgages which are not beneficially owned by it; (iii) waives all rights to take any action or proceedings against any other beneficial owner of Cross-collateral Mortgages to exercise the Cross-collateral Rights of that other beneficial owner; (iv) waives any rights to the proceeds of enforcement of Cross-collateral Mortgages not beneficially owned by it; and (v) agrees that if it enforces a Cross-collateral Mortgage in respect of which Cross-collateral Rights attach, the proceeds of such enforcement after deduction of all related costs and expenses shall be applied by or on behalf of it in respect of the Cross-collateral Mortgages beneficially owned by it firstly to repay all amounts owing by the mortgagee under the enforced Cross-collateral Mortgage beneficially owned by it in accordance with the applicable Mortgage Conditions and, secondly, to the extent there are additional proceeds of enforcement, apply such proceeds in accordance with the approach of a Reasonable, Prudent Residential Mortgage Lender.

CCFS covenants that it will use its reasonable endeavours to prevent, and will not facilitate or otherwise permit, the enforcement of any Cross-collateral Rights by any other party to the Cross-collateral Mortgage Rights Deed in respect of any Mortgage (as defined in the Cross-collateral Mortgage Rights Deed) except in the circumstances and to the extent that such party to the Cross-collateral Mortgage Rights Deed is not prohibited by the provisions of a Cross-collateral Mortgage Rights Accession Deed (as defined in the Cross-collateral Mortgage Rights Deed) from exercising Cross-collateral Rights in respect of that Mortgage.

### **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 Secured Creditors (including the Noteholders):

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, to and under the Transaction Documents (other than the Trust Deed and the Deed of Charge) and any sums derived therefrom (provided that the assignment by way of security of the Issuer's rights under the Swap Agreement shall be subject to any rights of set-off or netting provided for thereunder);
- (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 interest in the Loans and their Related Security and other related rights comprised in 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 in, to and under Insurance Policies assigned to the Issuer pursuant to the Mortgage Sale Agreement;
- (d) a charge by way of first fixed charge over the Issuer's interest in its bank and/or securities accounts (including the Deposit Account and the Swap Collateral Cash Account) maintained with the Issuer Account Bank and the Swap Collateral Securities Account maintained with the Custodian and any other bank or custodian and any sums or securities standing to the credit thereof;
- (e) a charge by way of first fixed charge over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer or the Cash Manager (acting on the instructions of the Servicer) on its behalf;
- (f) an assignment by way of first fixed security (and, to the extent not assigned, a charge by way of first fixed charge over) (but subject to the right of reassignment) over the benefit of the Issuer's rights, title, interest and benefit under Non-DD Collection Account Trust (created pursuant to the Non-DD Collection Account Declaration of Trust together with the Non-DD Collection Account Accession Undertaking) and the Collection Accounts Trust (created pursuant to the Collection Accounts Declaration of Trust); and
- (g) a floating charge over all assets of the Issuer not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security (whether or not such assets are the subject of the charges referred to above).

"**Authorised Investments**" means:

- (a) Sterling gilt-edged securities;
- (b) money market funds;

- (c) Sterling demand or time deposits and certificates of deposit; and
- (d) short-term debt obligations (including commercial paper),

provided that in all cases such investments will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and such investments: (i) (aa) have a maturity date of 90 days or less and mature on or before the next following Interest Payment Date or within 90 days, whichever is sooner, and are rated at least F1+ (short term) and/or AA- (long term) by Fitch and at least P-1 (short term) and A1 (long term) by Moody's (or, as applicable, AAmmf by Fitch and Aaa-mf by Moody's, in respect of money market funds) or (bb) have a maturity date of 30 days or less and mature on or before the next Interest Payment Date or within 30 days, whichever is the sooner, and are rated at least F1 (short term) and A (long term) by Fitch and at least P-1 (short term) and A2 (long term) by Moody's (or, as applicable, AAmmf by Fitch and Aaa-mf by Moody's, in respect of money market funds) and (ii) may be broken or demanded by the Issuer (at no cost to the Issuer) on or before the next following Interest Payment Date or within 30 to 90 days, whichever is sooner, as specified in sub-paragraph (i) above, save that where such investments would result in the recharacterisation of the programme, the Notes or any transaction under the Transaction Documents as a "re-securitisation" 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 domestic law in the United Kingdom by virtue of the EUWA, such investments shall not qualify as authorised investments.

**"Secured Creditors"** means the Security Trustee, any Receiver appointed by the Security Trustee pursuant to the Deed of Charge, the Note Trustee, the Noteholders, the Seller, the Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Swap Provider, the Issuer Account Bank, the Custodian, the Collection Account Bank, the Corporate Services Provider, the Paying Agents, the Registrar, the Agent Bank and any other person who is expressed in any deed supplemental to the Deed of Charge to be a secured creditor.

**"Transaction Documents"** means the Servicing Agreement, the Agency Agreement, the Bank Account Agreement, the Custody Agreement, the Non-DD Collection Account Declaration of Trust, the Non-DD Collection Account Accession Undertaking, the Collection Account Agreement, the Collection Accounts Declaration of Trust, the Cash Management Agreement, the Corporate Services Agreement, the Deed of Charge, the Swap Agreement, a share trust deed dated 22 March 2024 (the **"Share Trust Deed"**), the power of attorney granted by the Issuer in favour of the Security Trustee under the Deed of Charge (the **"Issuer Power of Attorney"**), a master definitions and construction schedule made between, among others, the Issuer, the Seller and the Security Trustee (the **"Master Definitions and Construction Schedule"**), the Mortgage Sale Agreement, the power of attorney granted by the Seller in favour of the Issuer and the Security Trustee on the Closing Date (the **"Seller Power of Attorney"**), the Cross-collateral Mortgage Rights Deed, the Cross-collateral Mortgage Rights Accession Deed, the Trust Deed and such other related documents as are referred to in the terms of the above documents or which relate to the issue of the Notes.

**"Transaction Party"** means any person who is a party to a Transaction Document and **"Transaction Parties"** means some or all of them.

The floating charge created by the Deed of Charge may "crystallise" and become a fixed charge over the relevant class of assets owned by the Issuer at the time of crystallisation. Crystallisation will occur automatically (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 Redemption 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, as the case may be, the Cash

Manager (on behalf of the Issuer) shall apply monies standing to the credit of the Deposit Account as described in "*Cashflows – Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer*" and "*Cashflows – Application of Available Redemption Receipts prior to the service of an Enforcement Notice on the Issuer*" below and apply monies and securities standing to the credit of the Swap Collateral Accounts as described in "*Cashflows – Swap Collateral*".

#### *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 Deposit Account in accordance with the Post-Enforcement Priority of Payments defined in "*Cashflows – Distributions following the service of an Enforcement Notice on the Issuer*" below and apply the monies and securities standing to the credit of each Swap Collateral Account in accordance with the Swap Collateral Account Priority of Payments defined in "*Cashflows – Swap Collateral*" 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, the Security Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless either: (a) the Cash Manager certifies to the Security Trustee (upon which certification the Security Trustee can rely without liability) that 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 all persons ranking in priority to the Noteholders as set out in the Post-Enforcement Priority of Payments) or (b) the Security Trustee is of the opinion (which shall be binding on the Secured Creditors) 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 all persons ranking in priority to the Noteholders in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders (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). Upon the service of an Enforcement Notice in accordance with Condition 11 (*Events of Default*) of the Notes.

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 further enquiry and shall incur no liability to any person for so doing.

For the purposes of Article 21(4)(d) of the UK Securitisation Regulation, no provision of the Deed of Charge (or any of the other Transaction Documents) requires automatic liquidation upon default of the Issuer.

#### *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.

#### **Trust Deed**

On or about the Closing Date, the Issuer, the Security Trustee and the Note Trustee will enter into the Trust Deed pursuant to which the Issuer and the Note Trustee will agree that the Notes are subject to the provisions in the Trust Deed. The Conditions and the forms of each class of Notes are each constituted by, and set out in, the Trust Deed.

The Note Trustee will agree to hold the benefit of the Issuer's covenant to pay amounts due in respect of the Notes on trust for the Noteholders.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Note Trustee for its services under the Trust Deed at the rate and times agreed between the Issuer and the Note Trustee (exclusive of VAT) 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 outstanding 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, it 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 (the "**Agency Agreement**") dated on or prior to the Closing Date 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.

#### *Governing Law*

The Agency Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **Cash Management Agreement**

On the Closing Date, the Cash Manager, the Issuer, the Seller, the Servicer, the Swap Provider and the Security Trustee will enter into a cash management agreement (the "**Cash Management Agreement**").

#### *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 Deposit Account. In addition, the Cash Manager will, among other things, make the necessary determinations on each Calculation Date to enable it to apply

Available Revenue Receipts and Available Redemption Receipts in accordance with the Priorities of Payments and maintain the following ledgers (the "**Ledgers**"):

- (a) the "**Redemption Ledger**", which will record all Redemption Receipts received by the Issuer and the distribution of the Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments or the Post-Enforcement Priority of Payments (as applicable);
- (b) the "**Revenue Ledger**", which will record all Revenue Receipts, any Swap Collateral Account Surplus, amounts credited to the Deposit Account in accordance with item (o) of the Pre-Enforcement Revenue Priority of Payments and the distribution of the 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 Third Party Amounts;
- (c) the "**General Reserve Fund Ledger**", which will record amounts credited to, and debited from, the General Reserve Fund;
- (d) 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) and 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 Redemption Receipts (including any amounts in respect of Enhanced Amortisation Amounts) pursuant to the Pre-Enforcement Revenue Priority of Payments (if any) on each Interest Payment Date;
- (e) 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
- (f) the "**Swap Collateral Ledger**", (to be opened on each Swap Collateral Account) which shall record as a credit on each Swap Collateral Account, as applicable (i) any Swap Collateral received from the Swap Provider, (ii) any Replacement Swap Premium received by the Issuer from a replacement swap provider, (iii) any termination payment received by the Issuer from an outgoing Swap Provider, and (iv) Swap Tax Credits.

Amounts and securities standing to the credit of each Swap Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) and recorded on the relevant Swap Collateral Ledger will be applied by the Cash Manager in accordance with the Swap Collateral Account Priority of Payments.

The Cash Manager shall (assuming delivery by the Servicer of the Servicer Report by no later than the fifth Business Day of that month) provide the Servicer with the Investor Reports by no later than one Business Day following each relevant Calculation Date. In providing the reporting services on behalf of the Issuer, the Cash Manager will not assume any liability for CCFS's obligations as the entity responsible to fulfil the reporting obligations under the UK Securitisation Regulation and/or CCFS's contractual obligations in respect of the EU Securitisation Regulation.

#### *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 exclusive 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 monthly in arrear on each Interest Payment Date 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*

If any of the following events (the "**Cash Manager Termination Events**") shall occur:

- (a) default is made by the Cash Manager in the payment, on the due date, of any payment due and payable by it under the Cash Management Agreement and such default continues unremedied for a period of three Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied; or
- (b) default is made by the Cash Manager in the performance or observance of any of its other covenants and obligations under the Cash Management Agreement, which in the opinion of the Note Trustee as notified to the Security Trustee is materially prejudicial to the interests of the Noteholders, and such default continues unremedied for a period of 30 Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied; or
- (c) an Insolvency Event occurs in respect of the Cash Manager; or
- (d) it becomes unlawful for the Cash Manager to perform its obligations under the Cash Management Agreement or under any other Transaction Document,

then prior to the delivery of an Enforcement Notice, the Issuer (with the written consent of the Security Trustee), or following the delivery of an Enforcement Notice, the Security Trustee, may, at once or at any time thereafter while such default continues, by notice in writing to the Cash Manager (with a copy to the Security Trustee if such notice is delivered by the Issuer), terminate its appointment as Cash Manager under the Cash Management Agreement with effect from a date (not earlier than the date of the notice) specified in such notice. In determining whether to give or withhold consent to the termination of the Cash Manager by the Issuer, the Security Trustee will have regard to factors including, *inter alia*, the availability of a substitute cash manager. Upon termination of the appointment of the Cash Manager, the Issuer shall use reasonable endeavours to appoint a substitute cash manager that satisfies the conditions set out below.

Any substitute cash manager:

- (a) must agree to enter into an agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute cash manager agrees to assume and perform all material duties and obligations of the Cash Manager under the Cash Management Agreement;
- (b) must be a party that the Rating Agencies have previously confirmed by whatever means such Rating Agencies consider appropriate (provided that the Issuer is permitted to and does confirm in writing (including by email) to the Security Trustee that such confirmation has been obtained) the appointment of which will not (if Class A Notes remain outstanding) cause the then current ratings of the Class A Notes to be adversely affected; and

- (c) will be subject to the prior written approval of the Security Trustee.

For the avoidance of doubt, upon termination of the appointment of the Cash Manager, if the Issuer is unable to find a suitable third party willing to act as a substitute cash manager, this shall not constitute any breach of the provisions of the Cash Management Agreement.

#### *Resignation of the Cash Manager*

The Cash Manager may resign on giving not less than 45 days' written notice (or such shorter time as may be agreed between the Cash Manager, the Issuer, the Servicer and the Security Trustee) of its resignation to the Issuer, the Servicer, the Seller and the Security Trustee, provided that:

- (a) a substitute cash manager shall be appointed, such appointment to be effective not later than the date of such termination;
- (b) such substitute cash manager has the requisite cash management experience to perform the functions to be given to it under the Cash Management Agreement and is approved by the Issuer and the Security Trustee;
- (c) such substitute cash manager enters into a cash management agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute cash manager agrees to assume and perform all material duties and obligations of the Cash Manager under the Cash Management Agreement; and
- (d) (if Class A Notes remain outstanding) the then current ratings of the Class A Notes are not adversely affected as a result thereof, unless the Security Trustee or the relevant Class or Classes of Noteholders (acting by way of an Extraordinary Resolution) otherwise agree.

If, by the end of the notice period, a successor Cash Manager has not been appointed, the Cash Manager may itself select a successor to be appointed in accordance with the Cash Management Agreement.

#### *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 between the Issuer, the Issuer Account Bank, the Cash Manager and the Security Trustee (the "**Bank Account Agreement**"), the Issuer will maintain with the Issuer Account Bank the Deposit Account and the Swap Collateral Cash Account which will be operated in accordance with the Bank Account Agreement, the Cash Management Agreement, the Deed of Charge and, in relation to the Swap Collateral Accounts, the Swap Agreement. The Issuer Account Bank is required to have the Account Bank Rating.

#### *Interest*

If any amount is standing to the credit of an Issuer Account (other than the Deposit Account), such amount will bear interest (including negative interest) at a rate and as agreed from time to time in writing between the Issuer and the Issuer Account Bank.

A negative interest rate would result in a charge payable by the Issuer to the Issuer Account Bank and will be paid using Available Revenue Receipts subject to and in accordance with the applicable Priority of Payments.

### *Governing Law*

The Bank Account Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

### **The Custody Agreement**

Pursuant to the terms of a custody account agreement entered into on or about the Closing Date between, *inter alia*, the Issuer and the Custodian (the "**Custody Agreement**"), the Issuer will maintain with the Custodian the Swap Collateral Securities Account, which will be operated in accordance with the Custody Agreement and the Swap Agreement. The Custodian is required to have the Account Bank Rating.

### *Governing Law*

The Custody Account Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

### **The Corporate Services Agreement**

On or prior to the Closing Date, the Issuer, the Corporate Services Provider, the Share Trustee, Holdings and the Security Trustee will enter into a corporate services agreement (the "**Corporate Services Agreement**") pursuant to which the Corporate Services Provider will provide the Issuer and Holdings with certain corporate and administrative functions against the payment of a fee. Such services include, *inter alia*, the performance of all general 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.

### *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.

### **The Non-DD Collection Account Declaration of Trust**

On 5 December 2013, CCFS, the Security Trustee and others entered into the Non-DD Collection Account Declaration of Trust (the "**Non-DD Collection Account Declaration of Trust**") pursuant to which CCFS declared a trust (the "**Non-DD Collection Account Trust**") in favour of, *inter alia*: (a) CCFS and (b) certain other additional beneficiaries that may accede to the terms of the Non-DD Collection Account Trust over all its rights, title, interest and benefit (both present and future) in the Non-DD Collection Account, including all amounts standing to the credit of the Non-DD Collection Account, absolutely for each of the beneficiaries (including, following the execution of the Non-DD Collection Account Accession Undertaking (as defined below), the Issuer) in the manner and in the proportions specified in the Non-DD Collection Account Declaration of Trust.

On or prior to the Closing Date, the Issuer, CCFS, the Security Trustee and others will enter into an accession undertaking (the "**Non-DD Collection Account Accession Undertaking**") under which the Issuer and the Security Trustee will accede to the terms of the Non-DD Collection Account Declaration of Trust as a beneficiary of the Non-DD Collection Account Trust.

The Issuer's share of the Non-DD Collection Account Trust at any relevant time (the "**Non-DD Issuer Trust Share**") shall equal all amounts credited to the Non-DD Collection Account at such time in respect of the Loans and their Related Security comprised in the Portfolio taking into account any amounts previously paid to the Issuer in respect of the Loans and their Related Security.

Additional beneficiaries may from time to time on and from the Closing Date accede to the Non-DD Collection Account Declaration of Trust without the consent of the Issuer or the Security Trustee, however any such accession will not affect the manner in which the Non-DD Issuer Trust Share is calculated.

#### *Governing Law*

The Non-DD Collection Account Declaration of Trust and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **The Collection Accounts Declaration of Trust**

On or prior to the Closing Date, the Issuer, CCFS, and the Security Trustee will enter into a collection accounts declaration of trust (the "**Collection Accounts Declaration of Trust**") pursuant to which CCFS (as Collection Accounts Trustee (as defined therein)) will declare a trust (the "**Collection Accounts Trust**") in favour of the Issuer over all its rights, title, interest and benefit (both present and future) in the DD Collection Account and the Non-DD CMF 2024-1 Collection Account absolutely for the beneficiaries in the manner and in the proportions specified in the Collection Accounts Declaration of Trust.

Additional beneficiaries may from time to time on and from the Closing Date accede to the Collection Accounts Declaration of Trust without the consent of the Issuer or the Security Trustee; however, any such accession will not affect the manner in which the Issuer's share in the Collection Accounts Trust is calculated.

#### *Governing Law*

The Collection Accounts Declaration of Trust and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **The Collection Account Agreement**

On or prior to the Closing Date, the Issuer, CCFS, the Security Trustee and the Collection Account Bank will enter into a collection account agreement (the "**Collection Account Agreement**") pursuant to which CCFS (as Collection Accounts Trustee (as defined therein)) will appoint the Collection Account Bank as account bank in relation to the DD Collection Account and the Non-DD CMF 2024-1 Collection Account.

All Revenue Receipts and Redemption Receipts received in respect of the Loans from Borrowers by Direct Debit payment will be paid into the DD Collection Account. The Collection Account Bank will, unless it receives any instruction to the contrary from the Servicer or (following the delivery of an Enforcement Notice) the Security Trustee, automatically transfer (a) the aggregate amount of funds standing to the credit of the DD Collection Account that are available to be withdrawn at that time in excess of the minimum required balance and (b) the aggregate amount of funds standing to the credit of the Non-DD CMF 2024-1 Collection Account that are available to be withdrawn at that time on each Business Day. The Collection Account Bank shall be entitled at any time to deduct from amounts standing to the credit of the DD Collection Account or the Non-DD CMF 2024-1 Collection Account any amounts to satisfy any of its obligations and/or liabilities properly incurred under the Direct Debiting Scheme (in the case of the DD Collection Account) and/or in respect of other unpaid sums relating to amounts received in respect of the Loans from Borrowers or to pay certain other amounts due or owing to the Collection Account Bank.

Certain fees and expenses of the Collection Account Bank will be paid by the Issuer, subject to and in accordance with the Priority of Payments.

#### *Governing Law*

The Collection Account Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## **Other Agreements**

For a description of the Swap Agreement, see "*Credit Structure*" below.

## 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. There are a number of features in the transaction which enhance the likelihood of timely receipt of payments by the Noteholders, which are described in more detail below.

### 1. General Reserve Fund and General Reserve Fund Ledger

On the Closing Date, the Issuer will establish a fund which will be credited with the General Reserve Fund Required Amount from part of the proceeds of the Noteholders' subscription for the Class X Notes on the Closing Date (the "**General Reserve Fund**") to provide credit enhancement and liquidity support for the Class A Notes. The General Reserve Fund Required Amount will be deposited in the Deposit Account on the Closing Date (with a corresponding credit being made to the General Reserve Fund Ledger). The Issuer may invest the amounts standing to the credit of the General Reserve Fund from time to time in Authorised Investments.

The Cash Manager will maintain the General Reserve Fund Ledger pursuant to the Cash Management Agreement to record the balance from time to time of the General Reserve Fund.

On each Interest Payment Date up to and including the Final Redemption Date:

- the General Reserve Fund will be replenished up to the General Reserve Fund Required Amount from Available Revenue Receipts (to the extent available) in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments;
- the Cash Manager will apply as Available Revenue Receipts the General Reserve Fund Excess Amount (if any); and
- if there is a Revenue Deficit, the Cash Manager will apply an amount from the General Reserve Fund equal to the lesser of (i) the amount standing to the credit of the General Reserve Fund Ledger on such Interest Payment Date and (ii) the amount of such Revenue Deficit (such amount being the "**General Reserve Fund Release Amount**"), in meeting such Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments.

The "**Revenue Deficit**" shall be, on any Interest Payment Date, an amount equal to the aggregate of any shortfall in Available Revenue Receipts to pay items (a) to (g) of the Pre-Enforcement Revenue Priority of Payments as determined by the Cash Manager on the immediately preceding Calculation Date.

In the event of a General Reserve Fund Amortising Trigger Event, the General Reserve Fund Required Amount will be 1.25 per cent. of the aggregate current Principal Amount Outstanding of the Collateralised Notes on the Interest Payment Date immediately preceding the General Reserve Fund Amortising Trigger Event occurring.

On the Final Redemption Date only, all amounts standing to the credit of the General Reserve Fund Ledger (after first having applied any General Reserve Fund Release Amount to meet any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments, and debiting such amounts from the General Reserve Fund Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments on such Final Redemption Date) will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

The "**General Reserve Fund Excess Amount**" on any Interest Payment Date will be an amount equal to the greater of:

- (a) zero; and
- (b) the amount standing to the credit of the General Reserve Fund Ledger on such Interest Payment Date, less the General Reserve Fund Required Amount on such Interest Payment Date.

"**General Reserve Fund Required Amount**" means:

- (a) on any Interest Payment Date up to (but excluding) the Final Redemption Date:
  - (i) if a General Reserve Fund Amortising Trigger Event has not occurred prior to the Calculation Date immediately preceding such Interest Payment Date, an amount equal to 1.25 per cent. of the then aggregate current Principal Amount Outstanding of the Collateralised Notes on that Interest Payment Date before the application of the Pre-Enforcement Redemption Priority of Payments; and
  - (ii) if a General Reserve Fund Amortising Trigger Event has occurred prior to the Calculation Date immediately preceding the Interest Payment Date, an amount equal to 1.25 per cent. of the then aggregate current Principal Amount Outstanding of the Collateralised Notes on the Interest Payment Date immediately preceding the occurrence of a General Reserve Fund Amortising Trigger Event; and
- (b) on each Interest Payment Date on and following the Final Redemption Date, zero.

"**General Reserve Fund Amortising Trigger Event**" shall occur if:

- (a) the Collateralised Notes are not redeemed in full on the Optional Redemption Date; or
- (b) Cumulative Defaults in respect of the Loans comprising the Portfolio are greater than 5 per cent. of the aggregate Current Balance of the Loans comprised in the Portfolio as at the Cut-Off Date.

"**Cumulative Defaults**" means, at any time, the Current Balance of all Loans that have been repossessed calculated at the point when the relevant Loan was repossessed.

## 2. **Use of Available Redemption Receipts to pay Senior Expenses Deficit**

On each Calculation Date prior to the service of an Enforcement Notice, if there is a Senior Expenses Deficit, the Cash Manager will, pursuant to item (a) of the Pre-Enforcement Redemption Priority of Payments, apply an amount of Available Redemption Receipts (to the extent available) equal to the lesser of:

- (a) the amount of Available Redemption Receipts available for application pursuant to the Pre-Enforcement Redemption Priority of Payments on such Interest Payment Date; and
- (b) the amount of such Senior Expenses Deficit

(such amount being the "**Principal Addition Amounts**"), in meeting such Senior Expenses Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments.

The "**Senior Expenses Deficit**" shall be, on any Interest Payment Date, an amount equal to any shortfall in Available Revenue Receipts and any General Reserve Fund Release Amounts (and prior

to the application of Available Redemption Receipts) to pay items (a) to (f) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date, as determined by the Cash Manager on the immediately preceding Calculation Date.

Any Available Redemption Receipts applied as Principal Addition Amounts will be recorded as a debit on the Principal Deficiency Ledger (as further described below).

For more information about the application of Available Redemption Receipts to pay Senior Expenses Deficits, see the section "*Transaction Overview – Credit Structure and Cashflow*" and "*Credit Structure*".

### 3. **Principal Deficiency Ledger**

A Principal Deficiency Ledger will be established to record any Losses affecting the Loans in the Portfolio and/or any Principal Addition Amounts.

"**Losses**" means the aggregate of (a) all realised losses on the Loans which are not recovered from the proceeds following the sale of the Property to which such Loan relates or any losses realised by the Issuer on the Loans as a result of the failure of the Collection Account Bank to remit funds to the Issuer and (b) any loss to the Issuer as a result of an exercise of any set off by any Borrower in respect of its Loan.

The "**Principal Deficiency Ledger**" will comprise sub-ledgers corresponding to each Class of Notes (each, a "**Principal Deficiency Sub-Ledger**"). Any Losses on the Portfolio and/or any Principal Addition Amounts will be recorded as a debit (on the date that the Cash Manager is informed of such Losses by the Servicer or such Principal Addition Amounts are determined by the Cash Manager (as applicable)):

- (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; then
- (b) to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the aggregate 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 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 (i) Available Revenue Receipts and General Reserve Fund Release Amounts applied pursuant to items (g) and (i) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon become Available Redemption Receipts) and (ii) Enhanced Amortisation Amounts applied in accordance with item (l) of the Pre-Enforcement Revenue Priority of Payments (which amounts shall, for the avoidance of doubt, thereupon become Available Redemption Receipts). Any amount credited to the Principal Deficiency Ledger in respect of Enhanced Amortisation Amounts will be reduced to the extent of any future Losses arising in respect of the Portfolio.

### 4. **Interest Rate Risk for the Notes**

#### *Swap Agreement*

On or about the Closing Date, the Issuer and the Swap Provider will enter into the ISDA Master Agreement, schedule, credit support annex and confirmation (as amended or supplemented from time to time) relating to the Swap Transaction (the "**Swap Agreement**").



"**ISDA Master Agreement**" means the ISDA 2002 Master Agreement, as published by ISDA.

*Swap Transaction*

Some of the Loans in the Portfolio pay or will pay a fixed rate of interest for an initial period of time. However, the Issuer's liabilities under the Floating Rate Notes are based on the Compounded Daily SONIA for the relevant period.

To provide a hedge against the possible variance between:

- (a) the fixed rates of interest payable on the Fixed Rate Loans in the Portfolio; and
- (b) the rate of interest under the Floating Rate Notes being calculated by reference to Compounded Daily SONIA,

the Issuer will enter into the Swap Transaction with the Swap Provider under the Swap Agreement on the Closing Date.

Under the Swap Transaction, for each Swap Calculation Period falling prior to the termination date of the Swap Transaction, the following amounts will be calculated:

- (a) the amount produced by applying the Compounded Daily SONIA (provided that, for the purposes of the Swap Agreement, Compounded Daily SONIA shall be calculated by the Swap Provider, as calculation agent under the Swap Agreement) to the Notional Amount (as defined below) of the Swap Transaction for the relevant Swap Calculation Period and multiplying the resulting amount by the Day Count Fraction (as defined below) (the "**Swap Provider Swap Amount**"); and
- (b) the amount produced by applying a Fixed Rate (as defined in the Swap Agreement) to the Notional Amount of the Swap Transaction for the relevant Swap Calculation Period and multiplying the resulting amount by the Day Count Fraction (the "**Issuer Swap Amount**").

After these two amounts are calculated in relation to a Swap Payment Date, the following payments will be made on that Swap Payment Date:

- (a) if the Swap Provider Swap Amount for that Swap Payment Date is greater than the Issuer Swap Amount for that Swap Payment Date, then the Swap Provider will pay an amount equal to the excess to the Issuer;
- (b) if the Issuer Swap Amount for that Swap Payment Date is greater than the Swap Provider Swap Amount for that Swap Payment Date, then the Issuer will pay an amount equal to the excess to the Swap Provider; and
- (c) if the two amounts are equal, neither party will make a payment to the other.

For the purposes of calculating both the Issuer Swap Amount and the Swap Provider Swap Amount in respect of a Swap Calculation Period, the notional amount of the Swap Transaction (the "**Notional Amount**") will be set out in a pre-agreed table to the Swap Transaction and based on the expected repayment profile of the Fixed Rate Loans assuming a 8.05 per cent. constant prepayment rate on the Current Balance of the Fixed Rate Loans in the Portfolio as at the Cut-Off Date.

The Issuer will make a single up-front payment to the Swap Provider on or around the Closing Date under the terms of the Swap Agreement.

For the purposes of determining the amounts payable under the Swap Transaction, the following definitions apply:

**"Day Count Fraction"** means, in respect of any Swap Calculation Period, the number of calendar days in that Swap Calculation Period divided by 365;

**"Swap Calculation Period"** means (other than the first Swap Calculation Period), each period that commences on (and includes) a Swap Payment Date and ends on (but excludes) the immediately following Swap Payment Date and in respect of the first Swap Calculation Period, means the period commencing on (and including) the Closing Date and ending on (but excluding) the Swap Payment Date falling in July 2024; and

**"Swap Payment Date"** means the 16<sup>th</sup> of each calendar month in each year commencing on 16 July 2024 and ending on the termination date of the Swap Transaction, in each case subject to adjustment in accordance with the following business day convention as set out in the Swap Agreement.

The Swap Transaction may not fully hedge the Issuer's interest rate risk as discussed under the section entitled "*Risk Factors – Counterparty and Third Party Risks – Interest rate risk*" above.

#### *General*

If a payment is made by the Swap Provider (other than (i) any early termination amount received by the Issuer under the Swap Agreement, (ii) Swap Collateral, (iii) any Replacement Swap Premium paid to the Issuer, and (iv) amounts in respect of Swap Tax Credits on such Interest Payment Date other than, in each case, any Swap Collateral Account Surplus which is to be applied as Available Revenue Receipts in accordance with the Swap Collateral Account Priority of Payments), that payment will be included in the Available Revenue Receipts and will be applied on the relevant Swap Payment Date according to the applicable Priority of Payments. If a payment is to be made by the Issuer, it will be made according to the applicable Priority of Payments of the Issuer.

Under the terms of the Swap Agreement, in the event that the relevant rating(s) of the Swap Provider assigned by a Rating Agency falls below the required swap rating (the "**Required Swap Rating**") (as to which see further the section entitled "*Transaction Overview – Triggers Tables*"), the Swap Provider will, in accordance with the Swap Agreement, be required to take certain remedial measures within the timeframe stipulated in the Swap Agreement and at its own cost which may include providing collateral for its obligations under the Swap Transaction, arranging for its obligations under the Swap Transaction to be transferred to an entity with the Required Swap Ratings or procuring another eligible entity with the Required Swap Ratings to become co-obligor or guarantor, as applicable, in respect of its obligations under the Swap Transaction. If there is an early termination of the Swap Agreement, the Cash Manager (on behalf of the Issuer) or, following the service of an Enforcement Notice, the Security Trustee shall instruct the Custodian to liquidate any securities constituting Swap Collateral in the Swap Collateral Securities Account on a delivery versus payment basis promptly following such early termination of the Swap Agreement. However, no assurance can be given that, at the time that such actions are required, sufficient collateral will be available to the Swap Provider for posting or that another entity with the Required Swap Rating will be available to become a replacement swap provider, co-obligor or guarantor or that the applicable Swap Provider will be able to take the requisite other action. If the remedial measures following a downgrade below the Required Swap Rating are not taken within the applicable time frames, this will in certain circumstances permit the Issuer to terminate the Swap Agreement early.

The Swap Transaction may be terminated in certain circumstances, including the following, each as more specifically defined in the Swap Agreement (an "**Early Termination Event**"):

- (a) if there is a failure by a party to pay amounts due under the Swap Agreement and any applicable grace period has expired;

- (b) if certain insolvency events occur with respect to the Swap Provider;
- (c) if a material misrepresentation is made by the Swap Provider under the Swap Agreement;
- (d) if a breach of a provision of the Swap Agreement by the Swap Provider is not remedied within the applicable grace period;
- (e) if a change of law results in the obligations of one of the parties becoming illegal;
- (f) if certain force majeure events occur and result in one of the parties being prevented from performing its obligations, receiving payments or complying with any material provision of the Swap Agreement;
- (g) in certain circumstances, if a deduction or withholding for or on account of taxes is imposed on payments under the Swap Transaction due to a change in law;
- (h) if the Swap Provider is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Swap Agreement and described above;
- (i) service by the Note Trustee of an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes;
- (j) if there is a redemption in full of the Collateralised Notes pursuant to Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*), Condition 8.3 (*Mandatory Redemption of the Notes in Full*) or Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*); and
- (k) any of the Transaction Documents are amended, modified, or supplement or any waiver is given in respect of a Transaction Document without the Swap Provider's prior written consent (such consent not to be unreasonably withheld or delayed) where such amendment, modification, supplement or waiver would, in the reasonable opinion of the Swap Provider, materially adversely affect (i) the Pre-Enforcement Priority of Payments, the Post-Enforcement Priority of Payments or the Swap Collateral Account Priority of Payments; (ii) the amount, timing or priority of any payments or deliveries due to be made by or to the Swap Provider; (iii) the Swap Provider's status as a Secured Creditor; (iv) the rights of the Swap Provider in relation to the Security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such Security granted by the Issuer in favour of the Security Trustee on behalf of the Secured Creditors); (v) any other terms which would modify a payment date under any Swap Agreement or cause the Notes to be redeemed in full or the Portfolio to be sold or otherwise disposed of in full (other than as permitted or contemplated by the Transaction Documents as at the date of the Swap Agreement); or (vi) the definitions of any terms used in any Transaction Documents relating to the matters in (i) to (v) above.

Under the terms of the Swap Agreement, upon an early termination of the Swap Transaction, depending on the type of Early Termination Event and the circumstances prevailing at the time of termination, the Issuer or the Swap Provider may be liable to make a termination payment to the other. This termination payment will be calculated and made in Sterling. The amount of any termination payment may reflect, among other things, the cost of entering into a replacement transaction at the time, third party market data such as rates, prices, yields and yield curves, or similar information derived from internal sources of the party making the determination and will include any unpaid amounts that became due and payable on or prior to the date of termination.

Depending on the terms of the Swap Transaction and the circumstances prevailing at the time of termination, any such termination payment could be substantial and may affect the funds available for paying amounts due to the Noteholders.

The Issuer will use its reasonable endeavours, upon termination of the Swap Agreement, to find a replacement Swap Provider although no guarantees of such replacement can be given.

The Issuer is not obliged under the Swap Agreement to gross up payments made by it if a withholding or deduction for or on account of taxes is imposed on payments made under the Swap Transaction.

The Swap Provider will generally be obliged to gross up payments made by it to the Issuer if a withholding or deduction for or on account of tax (other than withholding tax imposed under FATCA) is imposed on payments made by it under the Swap Agreement.

The Swap Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## CASHFLOWS

### DEFINITION OF REVENUE RECEIPTS

"**Revenue Receipts**" means (a) payments of interest and other fees (including early repayment charges) due from time to time under the Loans and other amounts received by the Issuer in respect of the Loans and their Related Security other than payments of interest, fees and other amounts comprising Optional Purchase Collections, the Optional Purchase Price received by the Issuer pursuant to the exercise of the Call Option and Redemption Receipts, (b) recoveries of interest from defaulting Borrowers under Loans being enforced, (c) recoveries of all amounts from defaulting Borrowers under Loans following enforcement and sale of the relevant property and (d) the proceeds of repurchase attributable to Accrued Interest and Arrears of Interest only of any Loan repurchased by the Seller from the Issuer pursuant to the Mortgage Sale Agreement.

### Definition of Available Revenue Receipts

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

- (a) all Revenue Receipts or, if in a Determination Period, any Calculated Revenue Receipts, in each case excluding any Reconciliation Amounts to be applied as Available Redemption Receipts on that Interest Payment Date, received by the Issuer:
  - (i) during the immediately preceding Collection Period; or
  - (ii) if representing amounts received in respect of any repurchases of Loans and their Related Security by the Seller pursuant to the Mortgage Sale Agreement, from but excluding the Collection Period Start Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to and including the immediately preceding Collection Period Start Date;
- (b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Collection Period (other than any amount of interest or income received in respect of any Swap Collateral) and income from any Authorised Investments to be received on or prior to the Interest Payment Date (other than any amount of income received in respect of the Swap Collateral);
- (c) amounts received or to be received by the Issuer under or in connection with the Swap Agreement (other than (i) any early termination amount received by the Issuer under the Swap Agreement, (ii) Swap Collateral, (iii) any Replacement Swap Premium paid to the Issuer, and (iv) amounts in respect of Swap Tax Credits on such Interest Payment Date (other than, in each case, any Swap Collateral Account Surplus which is to be applied as Available Revenue Receipts in accordance with the Swap Collateral Account Priority of Payments));
- (d) on the Final Redemption Date only, all amounts standing to the credit of the General Reserve Fund Ledger (after first having applied any General Reserve Fund Release Amount in meeting any Revenue Deficit against the relevant item in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments and debiting such amounts from the General Reserve Fund Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments, in each case on such Final Redemption Date);
- (e) on each Interest Payment Date up to and including the Final Redemption Date, the General Reserve Fund Excess Amount;
- (f) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*);

- (g) amounts credited to the Deposit Account on the previous Interest Payment Date in accordance with item (o) of the Pre-Enforcement Revenue Priority of Payments;
- (h) amounts representing the Optional Purchase Price received by the Issuer upon sale of the Loans and their Related Security comprising the Portfolio further to the exercise of the Call Option;
- (i) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Redemption Receipts;
- (j) amounts determined to be applied as Available Revenue Receipts on the immediately succeeding Interest Payment Date in accordance with item (d) of the Pre-Enforcement Redemption Priority of Payments; and
- (k) on the first Interest Payment Date only, such amount received by the Issuer into the Deposit Account in respect of part of the subscription proceeds of the Class X Notes on the Closing Date excluding (i) an amount equal to the General Reserve Fund Required Amount and (ii) any payment of any premium due to the Swap Provider in connection with the entry into the Swap Agreement;

*less:*

- (l) amounts applied from time to time during the immediately preceding Collection Period in making payment of certain monies which properly belong to third parties (including the Seller) such as (but not limited to):
  - (i) certain costs and expenses charged by the Servicer in respect of its servicing of the Loans, other than the Servicer Fee and not otherwise covered by the items below;
  - (ii) payments of certain insurance premia in respect of the Block Insurance Policies (to the extent referable to the Loans);
  - (iii) amounts under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited; and
  - (iv) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower

(items within this paragraph (l) being collectively referred to herein as "**Third Party Amounts**");

- (m) any tax payments paid or payable by the Issuer during the immediately preceding Collection Period to the extent not funded from amounts standing to the credit of the Issuer Profit Ledger; and
- (n) (taking into account any amount paid by way of Third Party Amounts) amounts to remedy any overdraft in relation to any Collection Account or to pay any amounts due to the Collection Account Bank.

**Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer**

On each 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 in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Pre-Enforcement Revenue Priority of Payments**"):

- (a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:

- (i) any fees, costs, charges, Liabilities, expenses and all other amounts then due to the Note Trustee and any Appointee under the provisions of the Trust Deed and the other Transaction Documents, together with (if payable) VAT thereon as provided therein; and
  - (ii) any fees, costs, charges, Liabilities, expenses and all other amounts then due to the Security Trustee and any Appointee under the provisions of the Deed of Charge and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;
- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof (in each case without double counting) of:
- (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agents and any fees, costs, charges, Liabilities and expenses then due to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
  - (ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
  - (iii) any amounts then due and payable to the Servicer and any fees (including the Servicer Fee), costs, charges, Liabilities and expenses then due under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;
  - (iv) any amounts then due and payable to the Back-Up Servicer 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;
  - (v) 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;
  - (vi) any amounts then due and payable to the Issuer Account Bank and the Custodian and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Bank Account Agreement and of the Custody Agreement, together with (if applicable) VAT thereon as provided therein;
  - (vii) any amounts then due and payable to the Collection Account Bank and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Collection Account Agreement, together with (if applicable) VAT thereon as provided therein; and
  - (viii) if applicable, the fees, costs, liabilities and expenses of the securitisation repository or any other third party website provider;
- (c) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:
- (i) 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 (e) below); and
  - (ii) any Transfer Costs which the Servicer has failed to pay pursuant to Clause 21.6 (*Transfer of Servicing*) of the Servicing Agreement;

- (d) *fourth*, to provide for amounts due on the relevant Swap Payment Date, to pay, in or towards satisfaction of any amounts due to the Swap Provider in respect of the Swap Agreement (including any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to the Swap Provider of any Replacement Swap Premium or from the Swap Collateral Account Priority of Payments but excluding, if applicable, any related Hedge Subordinated Amounts);
- (e) *fifth*, to pay the Issuer an amount equal to £100 to be retained by the Issuer as profit in respect of the business of the Issuer (the "**Issuer Profit Amount**");
- (f) *sixth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class A Notes;
- (g) *seventh*, (so long as the Class A Notes remain outstanding following such Interest Payment Date), 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 Redemption Receipts);
- (h) *eighth*, to credit the General Reserve Fund Ledger up to the General Reserve Fund Required Amount;
- (i) *ninth*, (so long as the Class Z Notes remain outstanding following such Interest Payment Date), 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 Redemption Receipts);
- (j) *tenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class Z Notes;
- (k) *eleventh*, to provide for amounts due on the relevant Interest Payment Date, to pay in accordance with the terms of the Swap Agreement to the Swap Provider in respect of any Hedge Subordinated Amounts (to the extent not satisfied by payment to the Swap Provider by the Issuer of any applicable Replacement Swap Premium or from the Swap Collateral Account Priority of Payments);
- (l) *twelfth*, on any Interest Payment Date occurring on or after the Optional Redemption Date or on or after the Final Redemption Date an amount equal to the lesser of:
  - (i) all remaining amounts (if any); and
  - (ii) the amount required by the Issuer to pay in full all amounts payable under items (a) to (c) (inclusive) of the Pre-Enforcement Redemption Priority of Payments, less any Available Redemption Receipts (other than item (c) of the definition thereof) otherwise available to the Issuer,
 to be applied as Available Redemption Receipts;
- (m) *thirteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class X Notes;
- (n) *fourteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, principal due and payable on the Class X Notes until the Principal Amount Outstanding on the Class X Notes has been reduced to zero;
- (o) *fifteenth*, on any Interest Payment Date falling within a Determination Period, all remaining amounts to be credited to the Deposit Account to be applied on the next Interest Payment Date as Available Revenue Receipts; and
- (p) *sixteenth*, to pay Deferred Consideration to the Seller.



As used in this Prospectus:

**"Accrued Interest"** means, in respect of a Loan, as at any date, the aggregate of all interest accrued but not yet due and payable on the Loan from (and including) the monthly payment date immediately preceding the relevant date to (but excluding) the relevant date.

**"Appointee"** means any attorney, manager, agent, delegate, nominee, custodian, financial adviser or other professional adviser or other person properly appointed or employed 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.

**"Arrears"** means as at any date in respect of any Loan, all amounts currently due and payable on that Loan which remain unpaid on that date, provided that such overdue amounts equal, in aggregate, one or more full Monthly Instalments.

**"Arrears of Interest"** means, as at any date, in respect of any Loan, the aggregate of all interest (other than Capitalised Amounts) on that Loan which is currently due and payable and unpaid on that date.

**"Call Option Redemption Date"** means any Final Redemption Date falling on the Optional Purchase Completion Date.

**"Capitalisation Policy"** means the section of the arrears, repossessions and forbearance policy of the Servicer relating to the capitalisation of Arrears, applying to all loans serviced by the Servicer from time to time (including the Loans).

**"Capitalised Amounts"** means, in relation to a Loan, at any date, amounts which are due or overdue in respect of that Loan (other than any principal amounts) and which as at that date have been capitalised in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower and any other amounts (including fees and expenses), capitalised in accordance with the Capitalisation Policy.

**"Early Repayment Charge"** means any charge (other than a Redemption Fee) which a Borrower is required to pay in the event that they repay all or any part of the relevant Loan before a specified date in the Mortgage Conditions.

**"Hedge Subordinated Amounts"** means, in relation to the Swap Agreement, the amount of any termination payment due and payable to the Swap Provider as a result of a Swap Provider Default or a Swap Provider Downgrade Event except to the extent such amount has already been paid pursuant to the Swap Collateral Account Priority of Payments.

**"Liability"** means, in respect of any person, any loss, damage, cost, charge, award, claim, demand, indemnity, expense, judgment, action, proceeding or other liability including legal costs and expenses properly incurred (including, in each case, Irrecoverable VAT in respect thereof but excluding Tax on net income, profits or gains).

**"Pre-Enforcement Priority of Payments"** means the Pre-Enforcement Redemption Priority of Payments and the Pre-Enforcement Revenue Priority of Payments.

**"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 balance of a Loan on the maturity date of such Loan.

**"Replacement Swap Agreement"** means an agreement between the Issuer and a replacement swap provider to replace the Swap Transaction.

**"Replacement Swap Premium"** means an amount received by the Issuer from a replacement swap provider, or an amount paid by the Issuer to a replacement swap provider, upon entry by the Issuer into a Replacement Swap Agreement.

**"Servicer Fee"** means a fee (inclusive of VAT, if any) that the Issuer shall pay to the Servicer, of up to an aggregate amount calculated on the basis of the number of days elapsed in each calendar month over a 365-day year (or over a 366-day year in a leap year), by applying a rate of 0.25 per cent. per annum on the aggregate Current Balance of the Loans (excluding any Enforced Loans) on the Collection Period Start Date at the start of the immediately preceding Collection Period, in consideration for the Servicer providing Services, being the cash management and incidental administration element of the Services, and carrying out the other duties and obligations on its part set out in the Servicing Agreement.

**"Swap Collateral"** means the collateral provided by the Swap Provider to the Issuer under the Swap Agreement and includes any interest and distributions in respect thereof.

**"Swap Provider Default"** means the occurrence of an Event of Default (as defined in the Swap Agreement) where the Swap Provider is the defaulting party (as defined in the Swap Agreement).

**"Swap Provider Downgrade Event"** means the occurrence of an Additional Termination Event (as defined in the Swap Agreement) following the failure by the Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the Swap Agreement.

**"Swap Tax Credits"** means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Swap Provider to the Issuer under the terms of the Swap Agreement.

**"Transfer Costs"** means the Issuer's costs and expenses associated with the transfer of servicing to a substitute servicer.

### **Definition of Redemption Receipts**

**"Redemption Receipts"** means (a) principal repayments under the Loans (including payments of arrears of principal and Capitalised Amounts) other than any principal repayments comprising Optional Purchase Collections and the Optional Purchase Price received by the Issuer pursuant to the exercise of the Call Option, (b) recoveries of principal from defaulting Borrowers under Loans being enforced, (c) recoveries of principal from defaulting Borrowers under Loans in respect of which enforcement procedures relating to the sale of the property have been completed (including the proceeds of sale of the relevant Property, to the extent such proceeds of sale are deemed to be principal but excluding all amounts received following a sale of the relevant Property), (d) any payment pursuant to any insurance policy in respect of a Property in connection with a Loan in the Portfolio, to the extent such payment is deemed to be principal, (e) the proceeds of the repurchase of any Loan by the Seller from the Issuer pursuant to the Mortgage Sale Agreement (but for the avoidance of doubt, excluding amounts attributable to Accrued Interest and Arrears of Interest thereon as at the relevant repurchase date), and (f) any other payment received by the Issuer in the nature of principal.

### **Definition of Available Redemption Receipts**

**"Available Redemption Receipts"** means for any Interest Payment Date an amount equal to the aggregate of (without double counting):

- (a) all Redemption Receipts or, if in a Determination Period, any Calculated Redemption Receipts, in each case excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date, received by the Issuer:
  - (i) during the immediately preceding Collection Period; or

- (ii) if representing amounts received in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller pursuant to the Mortgage Sale Agreement, from but excluding the Collection Period Start Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to and including the immediately preceding Collection Period Start Date; or
- (b) the amounts (if any) calculated on the Calculation Date preceding that Interest Payment Date pursuant to the Pre-Enforcement Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class Z Principal Deficiency Sub-Ledger is to be reduced on that Interest Payment Date;
- (c) any amounts deemed to be Available Redemption Receipts in accordance with item (l) of the Pre-Enforcement Revenue Priority of Payments (the "**Enhanced Amortisation Amounts**"); and
- (d) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Redemption Receipts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*).

**Application of Available Redemption 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 Redemption Receipts on each Interest Payment Date in the following order of priority (the "**Pre-Enforcement Redemption 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*, any Principal Addition Amounts to be applied to meet any Senior Expenses Deficit;
- (b) *second*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (c) *third*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class Z Notes until the Principal Amount Outstanding on the Class Z Notes has been reduced to zero; and
- (d) *fourth*, any excess amounts as Available Revenue Receipts.

**Distributions following the service of an Enforcement Notice on the Issuer**

After an Enforcement Notice has been served on the Issuer, 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:

- (a) any amount standing to the credit of each Swap Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) which will be applied in accordance with the Swap Collateral Account Priority of Payments (other than any amount to be applied as Swap Collateral Account Surplus in accordance with the Swap Collateral Account Priority of Payments); and
- (b) 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) (the "**Post-Enforcement Priority of Payments**" and, together with the

Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Redemption 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:
  - (i) any fees, costs, charges, Liabilities, expenses and all other amounts then due and payable to the Note Trustee, the Receiver and any Appointee under the provisions of the Trust Deed and the other Transaction Documents, together with (if payable) VAT thereon as provided therein; and
  - (ii) any fees, costs, charges, Liabilities, expenses and all other amounts then due and payable to the Security Trustee, the Receiver and any Appointee under the provisions of the Deed of Charge and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;
  
- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:
  - (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agents and any costs, charges, Liabilities and expenses then due and payable to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
  - (ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
  - (iii) any amounts then due and payable to the Servicer and any fees (including the Servicer Fee), costs, charges, Liabilities and expenses then due under the provisions of the Servicing Agreement, together with VAT (if payable) as provided therein;
  - (iv) any amounts then due and payable to the Back-Up Servicer 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;
  - (v) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, Liabilities and expenses then due and payable to the Corporate Services Provider under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;
  - (vi) any amounts then due and payable to the Issuer Account Bank and the Custodian and any fees, costs, charges, Liabilities and expenses then due and payable to the Issuer Account Bank and the Custodian under the provisions of the Bank Account Agreement and of the Custody Agreement, together with (if payable) VAT thereon as provided therein;
  - (vii) any amounts then due and payable to the Collection Account Bank and any fees, costs, charges, Liabilities and expenses then due and payable to the Collection Account Bank under the provisions of the Collection Account Agreement, together with (if payable) VAT thereon as provided therein; and
  - (viii) if applicable, the fees, costs, liabilities and expenses of the securitisation repository or any other third party website provider;

- (c) *third*, to pay in or towards satisfaction of any amounts due to the Swap Provider in respect of the Swap Agreement (including any termination payment due and payable by the Issuer to the extent it is not satisfied by any payments by the Issuer to the Swap Provider under the Swap Collateral Account Priority of Payments but excluding, if applicable, any related Hedge Subordinated Amounts);
- (d) *fourth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and 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 in accordance with the terms of the Swap Agreement to the Swap Provider in respect of any Hedge Subordinated Amounts (to the extent not satisfied by payment to the Swap Provider by the Issuer of any applicable amount under the Swap Collateral Account Priority of Payments);
- (f) *sixth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class X Notes until the Principal Amount Outstanding on the Class X Notes has been reduced to zero;
- (g) *seventh*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class Z Notes until the Principal Amount Outstanding on the Class Z Notes has been reduced to zero;
- (h) *eighth*, to pay the Issuer Profit Amount; and
- (i) *ninth*, to pay Deferred Consideration to the Seller.

#### ***Disclosure of modifications to the Priority of Payments***

Any events which trigger changes in any Priority of Payments and any change in any Priority of Payments which will materially adversely affect the repayment of the Notes shall be disclosed by the Issuer without undue delay to the extent required under Article 21(9) of the UK Securitisation Regulation.

#### ***Swap Collateral***

In the event that the Swap Provider is required to transfer collateral to the Issuer in respect of its obligations under the Swap Agreement (the "**Swap Collateral**") in accordance with the terms of the Credit Support Annex of the Swap Agreement (the "**Swap Credit Support Annex**"), that Swap Collateral (and any interest and/or distributions earned thereon) will be credited to the relevant Swap Collateral Account and credited to the relevant Swap Collateral Ledger.

In addition, upon any early termination of the Swap Agreement (a) any Replacement Swap Premium received by the Issuer from a replacement swap provider, (b) any termination payment received by the Issuer from the outgoing Swap Provider and (c) any Swap Tax Credits will be credited to the relevant Swap Collateral Account and recorded on the relevant Swap Collateral Ledger.

Amounts and securities standing to the credit of each Swap Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) and recorded on the relevant Swap Collateral Ledger will not be available for the Issuer or the Security Trustee to make payments to the Secured Creditors generally, but may be applied by the Cash Manager only in accordance with the following provisions in accordance with the instructions of the Swap Provider or the Servicer (the "**Swap Collateral Account Priority of Payments**"):

- (a) to pay an amount equal to any Swap Tax Credits received by the Issuer to the relevant Swap Provider;
- (b) prior to the designation of an Early Termination Date (as defined in the Swap Agreement, the "**Early Termination Date**") in respect of the Swap Agreement, solely in or towards payment or discharge of any Return Amounts (as defined in the Swap Credit Support Annex), Interest Amounts and

Distributions (as defined in the Swap Credit Support Annex), on any day, directly to the Swap Provider;

- (c) following the designation of an Early Termination Date in respect of the Swap Agreement where (A) such Early Termination Date has been designated following a Swap Provider Default or Swap Provider Downgrade Event and (B) the Issuer enters into a Replacement Swap Agreement in respect of the Swap Agreement on or around the Early Termination Date of the Swap Agreement, on the later of the day on which such Replacement Swap Agreement is entered into, the day on which a termination payment (if any) payable to the Issuer has been received and the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:
  - (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Swap Agreement being terminated;
  - (ii) *second*, in or towards payment of any termination payment due to the outgoing Swap Provider; and
  - (iii) *third*, the surplus (if any) on such day to be transferred to the Deposit Account to be applied as Available Revenue Receipts;
- (d) following the designation of an Early Termination Date in respect of the Swap Agreement where: (A) such Early Termination Date has been designated otherwise than as a result of one of the events specified at sub-paragraph (A) of paragraph (c) above, and (B) the Issuer enters into a Replacement Swap Agreement in respect of the Swap Agreement on or around the Early Termination Date of the Swap Agreement, on the later of the day on which such Replacement Swap Agreement is entered into, the day on which a termination payment (if any) payable to the Issuer has been received and the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:
  - (i) *first*, in or towards payment of any termination payment due to the outgoing Swap Provider;
  - (ii) *second*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Swap Agreement being terminated; and
  - (iii) *third*, any surplus on such day to be transferred to the Deposit Account to be applied as Available Revenue Receipts;
- (e) following the designation of an Early Termination Date in respect of the Swap Agreement for any reason where the Issuer does not enter into a Replacement Swap Agreement in respect of the Swap Agreement on or around the Early Termination Date of the Swap Agreement and, on the date on which the relevant payment is due, in or towards payment of any termination payment due to the outgoing Swap Provider; and
- (f) following payments of amounts due pursuant to paragraph (e) above, if amounts remain standing to the credit of a Swap Collateral Account, such amounts may be applied only in accordance with the following provisions:
  - (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Swap Agreement; and
  - (ii) *second*, any surplus remaining after payment of such Replacement Swap Premium to be transferred to the Deposit Account to be applied as Available Revenue Receipts,

*provided*, with respect to paragraph (f) above, that for so long as the Issuer does not enter into a Replacement Swap Agreement with respect to the Swap Agreement, on each Swap Payment Date following the designation of an Early Termination Date, the Issuer (or the Cash Manager on its behalf) will be permitted to withdraw an amount from the Swap Collateral Accounts (which shall be debited to the relevant Swap Collateral Ledger), equal to the excess of the Swap Provider Swap Amount over the Issuer Swap Amount which would have been paid by the Swap Provider to the Issuer on such Swap Payment Date but for the designation of an Early Termination Date under the Swap Agreement, such surplus to be transferred to the Deposit Account to be applied as Available Revenue Receipts; and

*provided further* that for so long as the Issuer does not enter into a Replacement Swap Agreement with respect to the Swap Agreement on or prior to the earlier of:

- (A) the Calculation Date immediately before the Interest Payment Date on which the Principal Amount Outstanding of all Collateralised Notes would be reduced to zero (taking into account any Swap Collateral Account Surplus to be applied as Available Revenue Receipts on such Interest Payment Date); or
- (B) the day on which an Enforcement Notice is given pursuant to Condition 11 (*Events of Default*); or
- (C) the date on which the Current Balance of the Fixed Rate Loans (excluding any Enforced Loans) is reduced to zero,

then the amount standing to the credit of such Swap Collateral Account on such day shall be transferred to the Deposit Account to be applied as Available Revenue Receipts as soon as reasonably practicable thereafter.

**"Swap Collateral Account Surplus"** means the amounts applied as Available Revenue Receipts pursuant to the Swap Collateral Account Priority of Payments.

The Swap Collateral Accounts will be opened in the name of the Issuer and will be held at a financial institution which satisfies the Account Bank Rating. The Swap Collateral Accounts and Swap Collateral Ledgers will be established and maintained in respect of the Swap Agreement. As security for the payment of all monies payable in respect of the Notes and the other Secured Obligations, the Issuer will grant a first fixed charge over the Issuer's interest in the Swap Collateral Accounts and the debts represented thereby (which may, however, take effect as a floating charge and therefore rank behind the claims of any preferential creditors of the Issuer).

## DESCRIPTION OF THE GLOBAL NOTES

### General

Each Class of Notes as at the Closing Date will each be represented by a Global Note. All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Global Notes will be registered 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 in book-entry form interests representing beneficial interests in the Global Note attributable thereto ("**Book-Entry Interests**").

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

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 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.

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 the 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 the 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 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 to continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Arranger, the Joint Lead Managers, the Note Trustee, the Security Trustee or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective Participants or account holders of their respective obligations under the rules and procedures governing their operations.

### **Payments on 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, as the case may be, Clearstream, Luxembourg, 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. 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 (a) 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 (b) 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 to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case

with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arranger, the 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 payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

### **Information Regarding Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

- Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.
- Euroclear and Clearstream, Luxembourg each provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established 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 Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

### **Redemption**

In the event that 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 order of the Common Safekeeper 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 "*General*" above.

## **Issuance of Registered Definitive Notes**

Holders of Book-Entry Interests in the Global Note will be entitled to receive Notes in definitive registered form (such as exchanged Global Notes in definitive registered form, "**Registered Definitive Notes**") in exchange for their respective holdings of Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business 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. Any Registered Definitive Notes 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 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 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 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. 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 – Registered Definitive Notes and denominations in integral multiples*" above.

## **Action in respect of the Global Notes and the Book-Entry Interests**

Not later than 10 days after receipt by the Issuer of any notices in respect of 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 the Notes are represented by Global Notes, the Issuer may, at its option, send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to Noteholders for communication by Euroclear and Clearstream, Luxembourg to the 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 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 and Eurosystem Eligibility**

The Notes are intended to be held in a new safekeeping structure ("NSS") and in a manner which would allow Eurosystem eligibility and will be deposited with one of the ICSDs as common safekeeper. However, the deposit of the Notes with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

## **Issuer-ICSDs Agreement**

Prior to the issuance of the Notes, the Issuer will enter into an Issuer-ICSDs Agreement with the ICSDs in respect of the Notes. The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any of the Notes (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 English law.

## 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 £300,000,000 Class A mortgage backed floating rate notes due February 2062 (the "**Class A Notes**"), the £29,050,000 Class Z mortgage backed fixed rate notes due February 2062 (the "**Class Z Notes**" and, together with the Class A Notes, the "**Collateralised Notes**" and the holders thereof the "**Collateralised Noteholders**"), the £4,120,000 Class X mortgage backed fixed rate notes due February 2062 (the "**Class X Notes**", and together with the Collateralised Notes, the "**Notes**"), in each case of CMF 2024-1 PLC (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated on or about 30 May 2024 (the "**Closing Date**") and made between, among others, the Issuer and U.S. Bank Trustees Limited as 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 Z Notes or the Class X Notes, as the case may be, 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 and pursuant to a deed of charge and assignment (the "**Deed of Charge**") dated 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**") dated on or prior to the Closing Date and made between the Issuer, the Security Trustee, 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 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 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 each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents 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 Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), as appropriate. Each Global Note will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee thereof.

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 nominal amount of £100,000 and higher integral multiples of £1,000, notwithstanding that no Registered Definitive Notes (as defined below) will be issued with a denomination above £199,000. 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 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 book-entry systems available for settlement of beneficial interests in such Global Notes 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 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 global and (if issued and printed) definitive form will be £100,000.

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*) above. 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

- (a) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. 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, as provided in these Conditions and the Transaction Documents.
- (b) The Class Z Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class Z Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A 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 the persons who for the time being are registered in the Register as holders of Class A Notes (the "**Class A Noteholders**" (so long as any Class A Notes remain outstanding)).
- (c) The Class X Notes constitute direct, secured and (subject as provided in Condition 17 (*Subordination by Deferral*) and the limited recourse provisions in Condition 12 (*Enforcement*)) 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 and principal at all times, but subordinate to all

payments due in respect of the Collateralised 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 X Notes (the "**Class X Noteholders**") will be subordinated to the interests of the holders of the Collateralised Notes (so long as any Collateralised Notes remain outstanding).

- (d) The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of holders of each Class of Notes (except where expressly provided otherwise) but where there is a conflict of interests between one or more Classes of Notes, the Note Trustee and the Security Trustee shall have regard (except as expressly provided otherwise) to the interests of the holders of the Class or Classes of Notes ranking in priority to the other relevant Classes of Notes in the Post-Enforcement Priority of Payments.
- (e) The Trust Deed also contains provisions limiting the powers of any Class of Noteholders to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Most Senior Class. Except in certain circumstances described in Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*), the Trust Deed contains 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) on the holders of all other Classes of Notes, in each case irrespective of the effect thereof on their respective interests.

As long as any Notes are outstanding but subject to Condition 13.5 (*Modification to the Transaction Documents*), 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 and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.
- (b) The Noteholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

## 5. COVENANTS

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) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, 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;



- (d) **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;
- (e) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the 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;
- (f) **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;
- (g) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;
- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied, modified, terminated, postponed, 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;
- (i) **Bank accounts:** have an interest in any bank account other than the Issuer Accounts and the Issuer's interest in the Collection Accounts Trust, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (j) **Purchase Notes:** purchase or otherwise acquire any Notes; or
- (k) **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.

## 6. INTEREST

### 6.1 Accrual of interest

#### *Interest Accrual on the Notes*

Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (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 presentation 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.

### 6.2 Interest Payment Dates

Interest will be payable in arrear, on each Interest Payment Date, for all classes of the Floating Rate Notes in respect of the Interest Period ending on or, in the case of the Fixed Rate Notes, on or

immediately prior to, such Interest Payment Date. The first Interest Payment Date will be the Interest Payment Date falling in July 2024.

**"Fixed Rate Accrual Date"** means the 16th of each calendar month determined on the basis that no adjustment is made to the date thereof for non-Business Days.

**"Fixed Rate Notes"** means the Class Z Notes and the Class X Notes.

**"Floating Rate Notes"** means the Class A Notes.

**"Interest Payment Date"** means the 16th of each calendar month, if such day is not a Business Day, the immediately following Business Day with the first Interest Payment Date falling in July 2024.

Interest shall accrue:

- (a) in the case of the Floating Rate Notes, 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; and
- (b) in the case of the Fixed Rate Notes, from (and including) a Fixed Rate Accrual Date (except in the first Interest Period, which shall commence on (and include) the Closing Date) to (but excluding) the next following Fixed Rate Accrual Date or (in the case of the first Interest Period) the Fixed Rate Accrual Date in July 2024,

(each such period, an **"Interest Period"**).

### **6.3 Rate of Interest**

#### *Rate of Interest on Floating Rate Notes*

- (a) The rate of interest payable from time to time in respect of each class of the Floating Rate Notes and together with the rate of interest payable in respect of each class of the Fixed Rate Notes, the **"Rates of Interest"** will be in respect of the Floating Rate Notes and any Interest Period, the Compounded Daily SONIA determined by the Agent Bank as at the related Interest Determination Date plus (A) from and including the Closing Date to (and including) the Optional Redemption Date, the Relevant Margin or (B) from (and excluding) the Optional Redemption Date, the Relevant Step-Up Margin, in each case, in respect of such class and in the event that the Rate of Interest is less than zero per cent., the Rate of Interest shall be deemed to be zero per cent. There will be no maximum Rate of Interest.

In the event that the Rate of Interest cannot be determined in accordance with the following provisions by the Agent Bank, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to the relevant Interest Period in place of the Relevant Margin relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the relevant Class of Floating Rate Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) that first Interest Payment Date (but applying the Relevant Margin applicable to the first Interest Period); and

- (b) In these Conditions (except where otherwise defined), the expression:
  - (i) **"Business Day"** means a day (other than a Saturday or Sunday or a public holiday) on which banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

- (ii) "**Compounded Daily SONIA**" means the rate of return of a daily compound interest investment (with the daily Sterling Overnight Index Average as the reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the Interest Determination Date as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_{i-5LBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d<sub>0</sub>**" is the number of London Banking Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Period;

"**LBD**" or "**London Banking Day**" means a Business Day;

"**n<sub>i</sub>**", 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<sub>i-5LBD</sub>**" means in respect of any London Banking Day "**i**" falling in the relevant Interest Period, the SONIA Reference Rate for the London Banking Day falling five London Banking Days prior to that London Banking Day "**i**";

- (iii) "**Interest Determination Date**" means the fifth London Banking Day before the Interest Payment Date for which the relevant Rate of Interest will apply;
- (iv) "**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 Redemption Receipts calculated in such Servicer Reports;
- (v) "**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 other date on which a payment of interest is to be made in respect of the Floating Rate Notes);
- (vi) "**Reconciliation Amount**" means in respect of any Collection Period (A) the actual Redemption Receipts as determined in accordance with the available Servicer Reports, less (B) the Calculated Redemption Receipts in respect of such Collection Period, plus (C) any Reconciliation Amount not applied in previous Collection Periods;
- (vii) "**Relevant Margin**" means, in respect of the Class A Notes, 0.60 per cent. per annum;
- (viii) "**Relevant Step-Up Margin**" means in respect of the Class A Notes, 0.90 per cent. per annum;

- (ix) "**Screen**" means the Reuters Screen SONIA Page or such other page as may replace Reuters Screen SONIA 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;
- (x) "**Servicer Report**" means a report to be provided by the Servicer no later than the fifth Business Day of each month in accordance with the terms of the Servicing Agreement and detailing, *inter alia*, the information relating to the Portfolio necessary to produce the Investor Reports; and
- (xi) "**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 authorised distributors and as then published on the Screen or, if the Screen is unavailable, as otherwise provided by the administrator (on the London Banking Day immediately following such London Banking 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 Screen or has not otherwise been published by one or more 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.

*Rate of Interest on the Fixed Rate Notes*

- (c) The rate of interest payable in respect of the Fixed Rate Notes will be, for any Interest Period, 0.0 per cent. per annum.

**6.4 Determination of Rates of Interest and Interest Amounts**

The Agent Bank shall, as soon as practicable on the Interest Determination Date falling in such Interest Period, but in no event later than the third Business Day thereafter, determine the Sterling amount (the "**Interest Amount**") payable in respect of interest on the Principal Amount Outstanding of each Class of Notes for the relevant Interest Period.

The Interest Amounts shall, in respect of a Class of Notes, be determined by applying the relevant Rate of Interest to the Principal Amount Outstanding of such Class of 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 Rates of Interest and Interest Amounts**

The Agent Bank shall cause the Rate of Interest and the 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 reasonably practicable after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date. The Interest Amounts and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period or a requirement to pay interest on any day other than the 16th of each calendar month in each year or, if such day is not a Business Day, the immediately following Business Day.

## 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, whether by the Agent Bank or the Cash Manager, will (in the absence of manifest error) be binding on the Issuer, the Cash Manager, 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 Rate of Interest or the 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 Issuer will be required to continually comply with UK EMIR while it is party to any interest rate swaps. The Agent Bank may not resign its duties or be removed without a successor having been appointed on terms commercially acceptable in the market.

## 6.8 Determinations and Reconciliation

- (a) In the event that the Cash Manager does not receive a Servicer Report with respect to a Collection Period (each such period, a "**Determination Period**"), the Cash Manager may use the three most recently received Servicer Reports in respect of the preceding Collection Periods (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 Condition 6.8(b). When the Cash Manager receives the Servicer Report relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 6.8(c). Any: (i) calculations properly made on the basis of such estimates in accordance with Conditions 6.8(b) and/or 6.8(c); (ii) payments made under any of the Notes and Transaction Documents in accordance with such calculations; and (iii) reconciliation calculations and reconciliation payments made as a result of such reconciliation calculations, each in accordance with Conditions 6.8(b) and/or 6.8(c), 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 following the Determination Period:
- (i) determine the Interest Determination Ratio (as defined above) by reference to the three most recently received Servicer Reports (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports) received in the preceding Collection Periods;
  - (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 Redemption Receipts for such Determination Period as the product of (A) 1 minus the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the "**Calculated Redemption 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 Condition 6.8(b) above to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amount (as defined above) as follows:
- (i) if the Reconciliation Amount is a positive number, the Cash Manager shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Revenue Ledger, as Available Redemption Receipts (with a corresponding debit of the Revenue Ledger); and
  - (ii) if the Reconciliation Amount is a negative number, the Cash Manager shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Redemption Ledger, as Available Revenue Receipts (with a corresponding debit of the Redemption Ledger),

*provided* that the Cash Manager shall apply such Reconciliation Amount in determining Available Revenue Receipts and Available Redemption Receipts for such Collection Period in accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Security Trustee of such Reconciliation Amount.

## **7. PAYMENTS**

### **7.1 Payments of Interest and Principal**

Subject to the second paragraph of Condition 3.1 (*Form and Denomination*), payments of any amount in respect of a Note, including principal and interest, shall be made by:

- (a) (other than in the case of final redemption) upon application by the relevant Noteholder to the specified office of the Principal Paying Agent not later than the 15th 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
- (b) (in the case of final redemption) by transfer to a Sterling account maintained by the payee with a bank in London 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 in the place of payment 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 (the "**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 Principal Paying Agent or the Registrar and to appoint additional or other agents provided that there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London and the Registrar with a specified office in London.

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 (*Payments 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 in accordance with Condition 16 (*Notice to Noteholders*).

### **8. REDEMPTION**

#### **8.1 Redemption at Maturity**

Unless previously redeemed in full or purchased and cancelled as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Interest Payment Date falling in February 2062 (the "**Final Maturity Date**").

#### **8.2 Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date**

- (a) On each Interest Payment Date prior to the service of an Enforcement Notice or on the Call Option Redemption Date:
  - (i) each Class of Notes (other than the Class X Notes) shall be redeemed in an amount equal to the Available Redemption Receipts available for such purpose in accordance with the Pre-Enforcement Redemption Priority of Payments which shall be applied in the following order of priority:

- (A) to repay the Class A Notes until they are each repaid in full; and thereafter be applied;
  - (B) to repay the Class Z Notes until they are each repaid in full; and
  - (ii) in the case of the Class X Notes, in an amount equal to the Available Revenue Receipts available for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments which shall be applied to repay the Class X Notes until they are each repaid in full.
- (b) The Principal Amount Outstanding of each Class of Notes shall be redeemed on each Interest Payment Date in accordance with the relevant Priority of Payments. The principal amount to be redeemed in respect of a Note of a particular Class (the "**Note Principal Payment**") on any Interest Payment Date prior to the service of an Enforcement Notice shall be (i) in respect of Notes of a particular Class other than the Class X Notes, the Available Redemption Receipts available for such purpose on such Interest Payment Date in accordance with the Pre-Enforcement Redemption Priority of Payments and (ii) in respect of the Class X Notes, the Available Revenue Receipts available for such purpose on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments, each as calculated on the Calculation Date immediately preceding such Interest Payment Date multiplied by the relevant Pool Factor. With respect to each Note of a particular Class on (or as soon as practicable after) each Calculation Date, the Issuer shall determine (or cause the Cash Manager to determine) (A) the amount of any Note Principal Payment due on the Interest Payment Date next following such Calculation Date, (B) the Principal Amount Outstanding of each such Note and (C) 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 sub-paragraph (B) above) and the denominator is the Principal Amount Outstanding of the relevant Class of Notes. 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.
- (c) 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 are admitted to trading on its Regulated Market), 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 Mandatory Redemption of the Notes in Full

- (a) On or after the Optional Redemption Date

On giving not more than 60 days' nor fewer than two Business Days' notice to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, on any Interest Payment Date on or after the Optional Redemption Date upon the occurrence of a sale of the Loans and their Related Security comprising the Portfolio in accordance with the provisions of the Mortgage Sale Agreement, the Optional Purchase Price received by the Issuer will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments with the result that the Collateralised Notes will be redeemed in full and the Class X Notes may (subject to availability of funds for such purposes) be redeemed in full or in part, in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*).

- (b) Ten per cent. clean-up call

On giving not more than 60 days' nor fewer than 14 Business Days' notice to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, on any Interest Payment



Date upon the occurrence of a sale of the Loans and their Related Security comprising the Portfolio in accordance with the provisions of the Mortgage Sale Agreement where the aggregate Current Balance of the Loans (excluding any Enforced Loans) was equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Collateralised Notes on the Closing Date, the Optional Purchase Price received by the Issuer will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments with the result that the Collateralised Notes will be redeemed in full and the Class X Notes may (subject to availability of funds for such purposes) be redeemed in full or in part, on such Interest Payment Date in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*).

#### **8.4 Mandatory Redemption of the Notes for Taxation or Other Reasons**

If:

- (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, on or before the next Interest Payment Date the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Notes) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision 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,

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 (and in making such determination, the Note Trustee may rely, without further investigation or inquiry, on (A) any confirmation made orally to the Issuer (in which case the Servicer on behalf of the Issuer shall confirm the same in writing to the Note Trustee) or in writing from each of the Rating Agencies that the then current ratings of the Class A Notes (while the Class A Notes remain outstanding) would not be adversely affected by such substitution or (B) if no such confirmation from the Rating Agencies is forthcoming, the Servicer on behalf of the Issuer has certified in writing to the Cash Manager, the Note Trustee and the Security Trustee that such proposed action (I) (while any Class A 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 Class A Notes remain outstanding) would not have an adverse effect on the rating of the Class A Notes) (upon which confirmation or certificate the Note Trustee and the Security Trustee shall be entitled to rely absolutely without 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.

A "**Redemption Event**" shall occur if the Issuer satisfies 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.

On any Interest Payment Date on which the Loans and their Related Security comprising the Portfolio are sold pursuant to the Mortgage Sale Agreement following the occurrence of a Redemption Event, the Optional Purchase Price received by the Issuer will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments with the result that the Collateralised Notes will be redeemed in full and the Class X Notes may (subject to availability of funds for such purposes) be redeemed in full or in part, in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*). The Issuer shall give not more than 60 days' nor fewer than 30 Business Days' notice of any such redemption of the Collateralised Notes to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee.

#### **8.5 Principal Amount Outstanding**

The "**Principal Amount Outstanding**" of each Class of Notes on any date shall be, in each case, their original principal amount less the aggregate amount of all principal payments in respect of such Class of Notes which have been made since the Closing Date.

#### **8.6 Notice of Redemption**

Any such notice as is referred to in Condition 8.3 (*Mandatory Redemption of the Notes in Full*) or Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*) above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above. Any certificate or legal opinion given by or on behalf of the Issuer pursuant to Clause 33.2 (*Exercise of Call Option*) of the Mortgage Sale Agreement may be relied on by the Note Trustee without further investigation and, if so relied on, shall be conclusive and binding on the Noteholders.

#### **8.7 No Purchase by the Issuer**

The Issuer will not be permitted to purchase any of the Notes.

#### **8.8 Cancellation on redemption in full and/or the exercise of the Call Option**

All Notes redeemed in full will be cancelled upon redemption. Notes cancelled upon redemption in full may not be resold or re-issued.

### **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, including income tax, corporation tax, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon ("**Taxes**"), unless the withholding or deduction of the Taxes is required by applicable law. In that event, subject to Condition 8.4 (*Mandatory Redemption of the Notes*

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 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 prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed) give a notice (an "**Enforcement Notice**") to the Issuer that all Classes of 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 Swap Provider, the Cash Manager, the Security Trustee, the Servicer, the Issuer Account Bank, the Custodian and the Seller), if any of the following events (each, an "**Event of Default**") occurs:

- (a) subject to Condition 17 (*Subordination by Deferral*), if default is made in the payment of any principal or interest due in respect of the Notes and the default continues for: (i) a period of five Business Days in the case of principal, or (ii) three Business Days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or any Transaction Document to which it is a party and the failure continues for a period of 15 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 aforementioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any representation or warranty made by the Issuer under any Transaction Document is incorrect when made and the matters giving rise to such misrepresentation are not remedied within a period of 15 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

- (d) 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 Noteholders; or
- (e) 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 Noteholders, 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) the Issuer 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
- (f) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order), unless initiated by the Issuer, is not discharged within 30 days; or
- (g) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

## **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**

Each of the Note Trustee and the Security Trustee may, at any time, at its discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes, or the Trust Deed (including these Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and, at any time after the service of 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, actions or steps unless:

- (a) the Note Trustee shall have been so directed, or directed to direct the Security Trustee, 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 Most Senior Class; and

- (b) in all cases, it shall have been indemnified and/or prefunded and/or secured to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Note Trustee or Security Trustee, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing. The Note Trustee shall not be entitled to take any steps or proceedings (including any action in relation to an arrangement or compromise (judicial or otherwise) or lodging an appeal in any proceedings) to procure the winding up, administration or liquidation of the Issuer.

## **12.2 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 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, provided that no Noteholder shall be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer.

## **12.3 Limited Recourse**

Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Issuer to the Noteholders are limited in recourse to the property, assets and undertakings of the Issuer the subject of any security created under 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.

## **13. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

- 13.1 The Trust Deed contains provisions for convening meetings (including by way of conference call, including by use of a videoconference platform) of the Noteholders of each Class and, in certain cases, more than one Class to consider any matter affecting their interests, including the sanctioning by

Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents.

- 13.2 For the purposes of these Conditions, "**Most Senior Class**" means Class A Notes or, if there are no Class A Notes then outstanding, the Class Z Notes or, if there are no Class A Notes or Class Z Notes then outstanding, the Class X Notes.

### 13.3 Most Senior Class and Limitations on other Noteholders

- (a) Other than in relation to a Basic Terms Modification, which additionally requires an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes then in issue, as applicable:
- (i) subject to Conditions 13.3(a)(ii) and (iii), an Extraordinary Resolution passed at any meeting of the holders of the Most Senior Class shall be binding on such Noteholders and all other Classes of Noteholders irrespective of the effect upon them;
  - (ii) subject to Condition 13.3(a)(iii), an Extraordinary Resolution passed at any meeting of a relevant Class of Noteholders shall be binding on such Noteholders and all other Classes of Noteholders ranking junior to such Class of Noteholders in the Post-Enforcement Priority of Payments in each case, irrespective of the effect it has upon them; and
  - (iii) no Extraordinary Resolution of any Class of Noteholders shall take effect for any purpose while any of the Most Senior Class remain outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class or the Note Trustee and/or Security Trustee (acting on the direction of 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,

provided that, in respect of any Extraordinary Resolution of a Class or Classes of Notes relating to any modification, supplement, waiver or consent in respect of any of the Transaction Documents which would, in the reasonable opinion of the Swap Provider, materially adversely affect: (A) the Pre-Enforcement Priority of Payments, the Post-Enforcement Priority of Payments or the Swap Collateral Account Priority of Payments; (B) the amount, timing or priority of any payments or deliveries due to be made by or to the Swap Provider; (C) the Swap Provider's status as a Secured Creditor; (D) the rights of the Swap Provider in relation to the Security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such Security granted by the Issuer in favour of the Security Trustee on behalf of the Secured Creditors); (E) any other terms which would modify a payment date under any Swap Agreement or cause the Notes to be redeemed in full or the Portfolio to be sold or otherwise disposed of in full (other than as permitted or contemplated by the Transaction Documents as at the date of the Swap Agreement); or (F) the definitions of any terms used in any Transaction Documents relating to the matters in sub-paragraphs (A) to (E) above (I) the prior written consent of the Swap Provider (such consent not to be unreasonably withheld or delayed) or (II) written notification from the Issuer or the Servicer on behalf of the Issuer to the Note Trustee and the Security Trustee that the aforementioned Swap Provider consent is not needed as the modifications do not have any of the effects described in sub-paragraphs (A) to (F) above, is also required prior to such amendments being made.

- (b) Other than in relation to Basic Terms Modifications and subject as provided in Conditions 13.3(a) (*Most Senior Class and Limitations on other Noteholders*) and 13.4 (*Quorum*), a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of:
- (i) Notes of only one Class shall be deemed to have been duly passed if passed at a separate meeting (or by a separate resolution in writing or by a separate resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of that Class of Notes so affected;

- (ii) Notes of more than one Class but does not give rise to a conflict of interest between the holders of such Classes of Notes shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes;
  - (iii) one or more Classes of Notes and gives or may give rise to, an actual or potential conflict of interest between the holders of such Notes, shall be deemed to have been duly passed only if passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes so affected;
  - (iv) one or more Classes of Notes but does not give rise to an actual or potential conflict of interest between the holders of such Notes, shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes so affected; and
  - (v) two or more Classes of Notes and gives, or may give, rise to an actual or potential conflict of interest between the holders of such Classes of Notes, shall be deemed to have been duly passed only if passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes so affected.
- (c) No Extraordinary Resolution of the holders of a Class or Classes of Notes which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding which are affected by such Basic Terms Modification.
  - (d) No Ordinary Resolution that is passed by the holders of any Class of Notes shall take effect for any purpose while any of the Most Senior Class remain outstanding unless it shall have been sanctioned by an Ordinary Resolution of the holders of the Most Senior Class or the Note Trustee and/or Security Trustee (acting on the direction of 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.

#### **13.4 Quorum**

- (a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes 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 such Class or Classes of Notes then outstanding.
- (b) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.
- (c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Class or Classes of Notes passing an Extraordinary Resolution to:
  - (i) sanction a modification of the date of maturity of the Notes;
  - (ii) sanction a modification of the date of payment of principal or interest in respect of the Notes, or where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes, except in accordance with Condition 13.6(g) or (h) (*Additional Right of Modification*) in relation to any Base Rate Modification or Swap Rate Modification;

- (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of the Notes, or where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes, except in accordance with Condition 13.6(g) or (h) (*Additional Right of Modification*) in relation to any Base Rate Modification or Swap Rate Modification;
- (iv) alter the currency in which payments under any Class of Notes are to be made;
- (v) alter the quorum or majority required in relation to this exception;
- (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of Notes; or
- (vii) sanction any change to the definition of Basic Terms Modification,

(each a "**Basic Terms Modification**") shall be one or more persons holding or representing in aggregate not less than three-quarters of the aggregate Principal Amount Outstanding of such Class of Notes then outstanding. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of each relevant affected Class of Noteholders.

- (d) Subject as provided below, the quorum at any adjourned meeting of Noteholders of any Class or Classes for passing an Ordinary Resolution will be one or more persons holding or representing not less than 10 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.
- (e) Subject as provided below, the quorum at any adjourned meeting of Noteholders of any Class or Classes for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.
- (f) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any adjourned meeting of any holders of any Class or Classes of Notes passing an Extraordinary Resolution to sanction a Basic Terms Modification, shall be one or more persons holding or representing in aggregate not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes then outstanding. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of each relevant affected Class of Noteholders.
- (g) The terms of the Trust Deed and the Deed of Charge provide for the Noteholders to give directions in writing to the Note Trustee and the Security Trustee upon which the Note Trustee or, as the case may be, the Security Trustee is bound to act.

### **13.5 Modification to the Transaction Documents**

- (a) The Note Trustee or, as the case may be, the Security Trustee may (or in the case of sub-paragraph (iii) 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 or any other Secured Creditors agree with the Issuer and any other parties in making or sanctioning any modification:



- (i) other than in respect of a Basic Terms Modification, to the Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee (acting in accordance with the Trust Deed) or, as the case may be, the Security Trustee (acting on the directions of the Note Trustee), will not be materially prejudicial to the interests of the Noteholders or the interests of the Note Trustee or the Security Trustee and, for the avoidance of doubt, any modification of the Collection Accounts Declaration of Trust which does not affect the manner in which the Issuer's Issuer Beneficiary Trust Share (as defined in the Collection Accounts Declaration of Trust) is calculated will not be materially prejudicial to the interests of the Noteholders or the interests of the Note Trustee or the Security Trustee;
- (ii) to the Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee (acting in accordance with the Trust Deed) or, as the case may be, the Security Trustee (acting on the direction of the Note Trustee), such modification is of a formal, minor or technical nature or to correct a manifest error; or
- (iii) to the Transaction Documents and/or the 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 to comply with any applicable requirements under European Regulation 648/2012 of 4 July 2012, known as the European Market Infrastructure Regulation ("**EU EMIR**"), and "**UK EMIR**" with which EU EMIR forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, irrespective of whether such modifications are (I) materially prejudicial to the interests of the holders of any Class of Notes or any other Secured Creditor or (II) in respect of a Basic Terms Modification (any such modification, an "**EMIR Amendment**") and subject to receipt by the Note Trustee and the Security Trustee of a certificate of (x) the Issuer signed by two directors or (y) the Servicer on behalf of the Issuer certifying to the Note Trustee and the Security Trustee that the amendments requested by the Issuer are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under EU EMIR and/or UK EMIR, as applicable. Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification pursuant to this paragraph (iii) 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 prefunded to its satisfaction; or
  - (B) increasing the obligations or duties, or decreasing the rights or protections of the Note Trustee (and/or the Security Trustee) in the Transaction Documents and/or the Conditions of the Notes, or
- (iv) to any amendment to the Servicing Agreement and/or the Cash Management Agreement and/or any other Transaction Document to which the Servicer or the Cash Manager are a party for the purposes of Clause 8.3 (*Information Covenants*) of the Cash Management Agreement and/or Clause 14.4(f) (*Reporting and information under the UK Securitisation Regulation*) of the Servicing Agreement,

provided that in respect of any modification, supplement, waiver or consent in respect of any of the Transaction Documents which would, in the reasonable opinion of the Swap Provider, materially adversely affect: (A) the Pre-Enforcement Priority of Payments, the Post-Enforcement Priority of Payments or the Swap Collateral Account Priority of Payments; (B) the amount, timing or priority of any payments or deliveries due to be made by or to the Swap Provider; (C) the Swap Provider's status as a Secured Creditor; (D) the rights of the Swap Provider in relation to the Security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such Security granted by the Issuer in favour of the Security Trustee on behalf of the Secured Creditors); (E) any other terms which would modify a payment date under any Swap Agreement or cause the Notes to be redeemed in full or the Portfolio to be sold or otherwise disposed of in full (other than as permitted or

contemplated by the Transaction Documents as at the date of the Swap Agreement); or (F) the definitions of any terms used in any Transaction Documents relating to the matters in sub-paragraphs (A) to (E) above (I) the prior written consent of the Swap Provider (such consent not to be unreasonably withheld or delayed) or (II) written notification from the Issuer or the Servicer on behalf of the Issuer to the Note Trustee and the Security Trustee that the aforementioned Swap Provider consent is not needed as the modifications do not have any of the effects described in sub-paragraphs (A) to (F) above, is required prior to such amendments being made.

- (b) Notwithstanding anything to the contrary in the Trust Deed or the other Transaction Documents, when implementing any EMIR Amendment pursuant to this Condition 13.5, the Note Trustee and/or Security Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person, but shall act and rely solely and without further investigation on any certificate provided to it by the Issuer or the Servicer (as the case may be) pursuant to this Condition 13.5 and shall not be liable to any Noteholder or other Secured Creditor for so acting or relying.

### 13.6 Additional Right of Modification

Notwithstanding the provisions of Condition 13.5 (*Modification to the Transaction Documents*), the Note Trustee or, as the case may be, the Security Trustee shall be obliged, without any consent or sanction of the Noteholders or any other Secured Creditor, subject to written consent of the Secured Creditors which are 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), to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to these Conditions, the Trust Deed or any other Transaction Document to which it is a party or in relation to which it holds security or to enter into any new, supplemental or additional documents that the Issuer (in each case) considers necessary:

- (a) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that:
- (i) the Issuer certifies in writing to the Note Trustee and the Security Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
  - (ii) in the case of any modification to a Transaction Document proposed by any of the Seller, the Servicer, the Swap Provider, the Cash Manager, the Agent Bank, the Principal Paying Agent and the Issuer Account Bank (for the purpose of this Condition 13.6 only, each a "**Relevant Party**"), in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
    - (A) the Relevant Party certifies in writing to the Issuer, the Note Trustee and the Security Trustee that such modification is necessary for the purposes described in sub-paragraphs (x) and/or (y) above of this paragraph (ii); and
    - (B) either:
      - I. the Issuer, the Relevant Party or the Servicer (on behalf of the Issuer) obtains from each of the Rating Agencies, a Rating Agency Confirmation (or certifies in writing to the Issuer (in the case of the Relevant Party or the Servicer), the Security Trustee and the Note Trustee that no Rating Agency Confirmation has been received

within 30 days of a written request for such Rating Agency Confirmation) that such modification would not (if the Class A Notes remain outstanding) result in a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency and would not result in any Rating Agency placing any Class A Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer (in the case of the Relevant Party or the Servicer), the Note Trustee and the Security Trustee; or

II. the Issuer, the Relevant Party or the Servicer (on behalf of the Issuer) certifies in writing to the Note Trustee and the Security Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result (if the Class A Notes remaining outstanding) in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing any Class A Notes on rating watch negative (or equivalent).

- (b) for the purpose of complying with any changes in the requirements of, or enabling the Issuer to comply with an obligation in respect of, the UK Securitisation Regulation or the EU Securitisation Regulation (including in respect of risk retention or relating to the treatment of the Notes as a simple, transparent and standardised securitisation) after the Closing Date, including as a result of the adoption of regulatory or implementing technical standards in relation to the UK Securitisation Regulation or the EU Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect (upon which certificate the Note Trustee and the Security Trustee shall be entitled to rely absolutely without liability to any person doing so);
- (c) to effect any changes to migrate any obligations of CCFS under the Transaction Documents to any other entity within the OSB Group, provided that:
- (i) the Issuer and the Servicer certifies in writing to the Issuer, the Note Trustee and the Security Trustee that such modification is required solely for such purpose and has been drafted solely to such effect;
- (ii) either
- (A) the Issuer or the Servicer (on behalf of the Issuer) obtains from each of the Rating Agencies, a Rating Agency Confirmation (or certifies in writing to the Issuer (in the case of the Relevant Party or the Servicer), the Security Trustee and the Note Trustee that no Rating Agency Confirmation has been received within 30 days of a written request for such Rating Agency Confirmation) that such modification would not (if the Class A Notes remain outstanding) result in a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency and would not result in any Rating Agency placing any Class A Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer (in the case of the Relevant Party or the Servicer), the Note Trustee and the Security Trustee; or

- (B) the Issuer or the Servicer (on behalf of the Issuer) certifies in writing to the Note Trustee and the Security Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification (if the Class A Notes remain outstanding) would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing any Class A Notes on rating watch negative (or equivalent);
- (iii) the replacement seller and/or servicer will accede to the Deed of Charge and be bound by the provisions therein;
- (iv) the replacement servicer is qualified to act as such under the FSMA and has the requisite experience of servicing residential mortgage loans in the United Kingdom; and
- (v) the replacement servicer enters into a servicing agreement with the Issuer on terms substantially similar to the terms of the existing Servicing Agreement or on terms commercially acceptable in the market, pursuant to which the replacement servicer agrees to assume and perform all the material duties and obligations of the Servicer under the Servicing Agreement (including, for the avoidance of doubt, the performance of certain of CCFS's obligations as the responsible entity pursuant to Article 7(2) of the UK Securitisation Regulation and CCFS's contractual obligations pursuant to Article 7(2) of the EU Securitisation Regulation);
- (d) for the purpose of enabling the Notes to be (or to remain) listed on the London Stock Exchange, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (e) for the purpose of enabling the Issuer or any of the other Transaction Parties to comply with FATCA, provided that the Issuer or the relevant Transaction Party, as applicable, certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (f) for the purpose of complying with, or implementing or reflecting, any changes in the manner in which the Notes are held which will allow Bank of England's sterling monetary framework, that is, in a manner which would allow such Notes to be recognised as eligible collateral for the Bank of England's monetary policy and intra-day credit operations by the Bank of England either upon issue or at any or all times during the life of the Notes, provided that the Issuer certifies in writing to the Note Trustee and the Security Trustee that such modification is required solely for such purpose and has been drafted solely to such effect,  
  
(the certificate to be provided by the Issuer, the Servicer (on behalf of the Issuer), and/or the Relevant Party and/or any other relevant Transaction Party, as the case may be, pursuant to Condition 13.6(a) to (f) above being a "**Modification Certificate**"); or
- (g) for the purpose of changing the reference rate or the base rate that then applies in respect of the Floating Rate 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 judgment of the Issuer (or the Servicer on its behalf) to facilitate such change (a "**Base Rate Modification**"),

**provided that** the Issuer (or the Servicer on its behalf) certifies to the Note Trustee and the Security Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:

- (i) such Base Rate Modification is being undertaken due to:
  - (A) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;
  - (B) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;
  - (C) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
  - (D) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA);
  - (E) a public statement by the supervisor of the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
  - (F) public statement by the supervisor of the SONIA administrator that means SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; or
  - (G) the reasonable expectation of the Issuer (or the Servicer on its behalf) that any of the events specified in paragraphs (A) to (F) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and
- (ii) such Alternative Base Rate is:
  - (A) a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank 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);
  - (B) a base rate utilised in a material number of publicly listed new issues of Sterling-denominated asset-backed floating rate notes prior to the effective date of such Base Rate Modification;
  - (C) a base rate utilised in a publicly listed new issue of Sterling-denominated asset-backed floating rate notes where the originator of the relevant assets is CCFS or an affiliate thereof; or
  - (D) such other base rate as the Servicer (on behalf of the Issuer) reasonably determines,

and in each case, the change to the Alternative Base Rate will not, in its opinion, be materially prejudicial to the interest of the Noteholders; and, for the avoidance of doubt, the Issuer (or the Servicer on its behalf) may propose an Alternative Base Rate

on more than one occasion provided that the conditions set out in this Condition 13.6(g) are satisfied;

- (h) for the purpose of changing the base rate that then applies in respect of the Swap Agreement to an alternative base rate as is necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) and the Swap Provider solely as a consequence of a Base Rate Modification and solely for the purpose of aligning the base rate of the Swap Agreement to the base rate of the Notes following such Base Rate Modification (a "**Swap Rate Modification**"), provided that the Servicer, on behalf of the Issuer, certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and it has been drafted solely to such effect (such certificate being a "**Swap Rate Modification Certificate**"),

provided that, in the case of any modification made pursuant to paragraphs (a) to (h) above:

- (i) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee and the Security Trustee;
- (ii) the Modification Certificate, Base Rate Modification Certificate or Swap Rate Modification Certificate, as applicable, in relation to such modification shall be provided to the Note Trustee and the Security Trustee both at the time the Note Trustee and the Security Trustee are notified of the proposed modification and on the date that such modification takes effect; and
- (iii) the consent of each Secured Creditor which is party to the relevant Transaction Document has been obtained; and
- (iv) other than in the case of a modification pursuant to paragraph (a)(ii) above, either:
- (A) the Issuer or the Servicer (on behalf of the Issuer) obtains from each of the Rating Agencies a Rating Agency Confirmation (or certifies in the Modification Certificate, Base Rate Modification Certificate or Swap Rate Modification Certificate that no such Rating Agency Confirmation has been received within 30 days of a written request for such Rating Agency Confirmation) that such modification would not (if the Class A Notes remain outstanding) result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing any Class A Notes on rating watch negative (or equivalent); or
- (B) the Issuer or the Servicer (on behalf of the Issuer) certifies in the Modification Certificate, Base Rate Modification Certificate or Swap Rate Modification Certificate, as applicable, that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification (if the Class A Notes remain outstanding) would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing any Class A Notes on rating watch negative (or equivalent); and
- (v) the Issuer certifies in writing to the Note Trustee and the Security Trustee (which certification may be in the Modification Certificate, Base Rate Modification Certificate or Swap Rate Modification Certificate, as applicable) that (x) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and

by publication on Bloomberg on the "Company News" screen relating to the Notes, and (y) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

Other than where specifically provided in this Condition 13.6 or any Transaction Document:

- (A) when implementing any modification pursuant to this Condition 13.6 (save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification), neither the Note Trustee nor the Security Trustee shall consider the interests of the Noteholders, any other Secured Creditor or any other person but shall act and rely solely and without further investigation on the Modification Certificate, the Base Rate Modification Certificate or the Swap Rate Modification Certificate provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 13.6 and shall not be liable to the Noteholders, any other Secured Creditor for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (B) neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the sole opinion of the Note Trustee and/or the Security Trustee, would have the effect of (x) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (y) increasing the obligations or duties, or decreasing the rights or protection, of the Note Trustee and/or the Security Trustee in the Transaction Documents and/or these Conditions.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:

- I. so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;
  - II. the Secured Creditors; and
  - III. the Noteholders in accordance with Condition 16 (*Notice to Noteholders*).
- (i) Nothing in this Condition 13.6 shall nullify or restrict the right of the Issuer and the Swap Provider to make certain amendments to the Swap Agreement in accordance with the

Benchmarks Supplement as it forms part of the Swap Agreement. The Issuer shall notify the Noteholders of such amendments in accordance with Condition 16 (*Notice to Noteholders*) as soon as reasonably practicable following the effective date of such amendments.

### **13.7 Authorisation or Waiver of Breach**

The Note Trustee and/or the Security Trustee (in the case of the Security Trustee, acting in accordance with the Deed of Charge), as applicable, may, without the consent or sanction of the Noteholders or the other Secured Creditors and without prejudice to its rights in respect of any further or other breach, from time to time and at any time, authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions or any of the Transaction Documents by any party thereto, but only if in the opinion of the Note Trustee or, as the case may be, the Security Trustee, the interests of the Most Senior Class or if there are no Notes then outstanding, all the Secured Creditors will not be materially prejudiced thereby. The Note Trustee shall not exercise any powers conferred on it by this Condition 13.7 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 or request shall affect any waiver, authorisation or determination previously given or made.

### **13.8 Notification of modifications, waivers, authorisations or determinations**

Any such modification, waiver, authorisation or determination by the Note Trustee and/or the Security Trustee, as applicable, in accordance with these Conditions or the Transaction Documents shall be binding on the Noteholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*), the Rating Agencies (while any Notes remain outstanding) and the Secured Creditors as soon as practicable thereafter.

- 13.9 In connection with any such substitution of principal debtor referred to in Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*), the Note Trustee and the Security Trustee may also agree, without the consent of the Noteholders or the other Secured Creditors, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee or, as the case may be, the Security Trustee (in the case of the Security Trustee, acting in accordance with the Deed of Charge), be materially prejudicial to the interests of the Noteholders or the other Secured Creditors.
- 13.10 In determining whether a proposed action will not be materially prejudicial to the Noteholders or any Class thereof, the Note Trustee and the Security 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 Class A Notes (while the Class A Notes remain outstanding). It is agreed and acknowledged by the Note Trustee and the Security Trustee that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders. In being entitled to take into account that each of the Rating Agencies has confirmed that the then current ratings of the Class A Notes (while the Class A Notes remain outstanding) would not be adversely affected, it is agreed and acknowledged by the Note Trustee and the Security Trustee this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Security Trustee, the Note Trustee, the Noteholders or any other person, or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders or any other person, whether by way of contract or otherwise.
- 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 is required to have regard to the interests of the Noteholders of any Class or Classes, it shall (a) have regard to the general interests of the Noteholders of such Class or Classes but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof, and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Noteholder 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 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 (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interest between one or more Classes of Notes 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 ranking in priority to the other relevant Classes of Notes.

13.12 Other than in respect of any matter requiring an Extraordinary Resolution, Noteholders are required to vote by way of an Ordinary Resolution.

13.13 "**Ordinary Resolution**" means, in respect of the holders of any of the Classes of Notes:

- (a) a resolution passed at a meeting of Noteholders 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;
- (b) a resolution in writing signed by or on behalf of the Noteholders of not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders of not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes.

13.14 "**Extraordinary Resolution**" means, in respect of the holders of any of the Classes of Notes:

- (a) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed and these Conditions by a majority consisting of not less than three-quarters 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 three-quarters of the votes cast on such poll;
- (b) a resolution in writing signed by or on behalf of the Noteholders of not less than three-quarters in aggregate Principal Amount Outstanding of the relevant Class of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders of not less than three-quarters in aggregate Principal Amount Outstanding of the relevant Class of Notes.

- 13.15 "**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.
- 13.16 "**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 (not being the Notes in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Notes will cease to be so blocked until the first to occur of:
    - (i) the conclusion of the meeting specified in such Voting Certificate; and
    - (ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and
  - (b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes represented by such Voting Certificate.
- 13.17 "**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 (not being Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Notes will cease to be so blocked until the first to occur of:
    - (i) the conclusion of the meeting specified in such Block Voting Instruction; and
    - (ii) the Notes ceasing with the agreement of the 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 has instructed such Paying Agent that the vote(s) attributable to the Notes so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment;
  - (c) the aggregate principal amount or aggregate total amount of the Notes so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given 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 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 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.

- 13.18 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.

**13.19 Issuer Substitution Condition**

The Note Trustee and Security 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 and Security Trustee may require and subject to the terms of the Trust Deed, but without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed and the Notes and in respect of the other Secured Obligations, provided that the conditions set out in the Trust Deed are satisfied including, *inter alia*, that the Notes are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Condition 5 (*Covenants*) (the "**Issuer Substitution Condition**"). In the case of a substitution pursuant to this Condition 13.19, the Note Trustee and Security Trustee may in their absolute discretion agree, without the consent of the Noteholders, to a change in law governing the Notes and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee and Security Trustee (acting on the direction of the Note Trustee), be materially prejudicial to the interests of the Noteholders.

**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 prefunded 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 its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

**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.

If the Issuer Substitution Condition is satisfied in accordance with these Terms and Conditions and the Trust Deed, the Issuer may, without the consent of the Noteholders, issue one or more classes of replacement notes to replace one or more Classes of Notes, each class of which shall have terms and conditions which may differ from the terms and conditions of the Class of Notes which it replaces.

## 16. NOTICE TO NOTEHOLDERS

### 16.1 Publication of Notice

- (a) Subject to paragraphs (c) and (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 of such delivery.
- (d) 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.

### 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 Notes other than the Most Senior Class of 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**") in respect of the Notes other than the Most Senior Class of Notes to the extent only of any insufficiency of funds.

## 17.2 General

Any amounts of Deferred Interest in respect of a Class of Notes shall accrue interest ("**Additional Interest**") at the same rate and on the same basis as scheduled interest in respect of the corresponding Class of Notes, but shall not be capitalised. Such Deferred Interest and Additional Interest shall, in any event, become payable on the next Interest Payment Date (unless and to the extent that Condition 17.1 (*Interest*) applies) or on such earlier date as the relevant Class of Notes becomes 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 Maturity 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 Notes and any of the Transaction Documents, the Note Trustee and the Security Trustee shall be entitled but not obliged to take into account any written confirmation or affirmation (in any form acceptable to the Note Trustee and the Security Trustee) from the relevant Rating Agencies that the then current ratings of the Class A Notes (while the Class A Notes remain outstanding) 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 Rating Agency (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) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts,

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 each of the events in sub-paragraph (i)(A) or (B) and paragraph (ii) above has occurred. If no such Rating Agency Confirmation is forthcoming and two directors of the Issuer have certified the same in writing to the Security Trustee and the Note Trustee (an "**Issuer Certificate**"), upon which Issuer Certificate the Note Trustee and the Security Trustee shall be entitled to rely absolutely without liability to any person for so doing, the Note Trustee and the Security Trustee shall be entitled (but not obliged) to assume that such proposed action:

- (A) (while any of the Notes remain outstanding) has been notified to the Rating Agencies;
- (B) would not adversely impact on the Issuer's ability to make payment when due in respect of the Notes;
- (C) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security; and
- (D) (while any of the Class A Notes remain outstanding) the then current rating of the Class A Notes would not be reduced, qualified, adversely affected or withdrawn,

It is agreed and acknowledged by the Note Trustee and the Security Trustee that this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Security Trustee, the Note Trustee, the Noteholders or any other person or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders or any other person whether by way of contract or otherwise.

## **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 and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Transaction Documents may be brought in such Courts.
- (b) The Transaction Documents, the Notes and these Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law.

## **20. RIGHTS OF THIRD PARTIES**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## TAXATION

### United Kingdom Taxation

*The following applies only to persons who are the beneficial owners of the 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 their own professional advice.*

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "Act") for the purposes of section 987 of the Act. The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of FSMA) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the 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 or 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 that Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

### Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, 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 may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as 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 the final regulations defining "foreign passthru payment" 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 the purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## **EU financial transaction tax**

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the "**Commission's Proposal**"), for a financial transaction tax ("**FTT**") to be adopted in certain participating member states of the European Union ("**Member States**") (including Belgium, Germany, Estonia (although Estonia has since stated that it will not participate), Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). If the Commission's Proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the financial transaction is issued in a participating Member State.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's Proposal. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest and/or principal than expected. To the extent that such liabilities may arise at a time when winding up proceedings have been commenced in respect of the Issuer, such liabilities may be regarded as an expense of the liquidation and, as such, be payable out of the floating charge assets of the Issuer (and its general estate) in priority to the claims of Noteholders and other secured creditors. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's Proposal. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.



## SUBSCRIPTION AND SALE

Banco Santander, S.A. (trading name Santander Corporate & Investment Banking) ("**Santander**", the "**Arranger**" and a "**Joint Lead Manager**"), BofA Securities (trading name of Merrill Lynch International) and Deutsche Bank AG, London Branch (together the "**Joint Lead Managers**") have entered into a subscription agreement dated on or about 28 May 2024 with the Seller and the Issuer (the "**Subscription Agreement**"), pursuant to which, as at the Closing Date, the Seller has agreed with the Issuer (subject to certain conditions) to subscribe and pay for:

- (a) in the case of the Joint Lead Managers, £300,000,000 of the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes; and
- (b) in the case of the Seller, £4,120,000 of the Class X Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class X Notes; and
- (c) in the case of the Seller, £29,050,000 of the Class Z Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class Z Notes.

The Issuer has agreed to indemnify the Seller, CCFS, the Arranger and the Joint Lead Managers against certain Liabilities in connection with the issue of the Notes.

Pursuant to the Subscription Agreement, CCFS, (in its capacity as originator for the purposes of (i) the UK Securitisation Regulation and (ii) under the Transaction Documents in connection with the EU Securitisation Regulation) will undertake to the Joint Lead Managers and the Arranger that it will (A) retain on an ongoing basis the Retained Interest in accordance with (I) the UK Retention Requirement and (II) the EU Retention Requirement (subject to the Retained Interest), (B) comply with the disclosure obligations under Article 7(1)(e)(iii) of the UK Securitisation Regulation by confirming the risk retention of the Seller as contemplated by Articles 6(1) and 6.3(d) of the UK Securitisation Regulation, (C) not sell, hedge or otherwise mitigate (and shall procure that none of its affiliates shall sell, hedge or otherwise mitigate) the credit risk under or associated with the Retained Interest except to the extent permitted under the UK Securitisation Regulation or as would be permitted as determined in accordance with Article 6 of the EU Securitisation Regulation as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation and (D) not change the manner or form in which it holds the Retained Interest. As at the Closing Date, in the UK Retention Requirement and the EU Retention Requirement will each be satisfied by the Seller holding the first loss tranche and other tranches having the same or a more severe risk profile than those transferred or sold to investors, in this case, represented by the retention by the Seller of the Class Z Notes, (i) in accordance with Article 6(3)(d) of the UK Securitisation Regulation and (ii) under the Transaction Documents in connection with Article 6(3)(d) of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) as though Article 6 of the EU Securitisation Regulation applied to the transaction, not taking into account any relevant national measures, but solely as such articles are interpreted and applied on the Closing Date, **provided that** on and from the applicable SR Equivalency Date (but only for so long as SR Equivalency is maintained), references to, and obligations in respect of, the EU Securitisation Regulation shall not apply.

Except with the express written consent of the Seller in the form of a U.S. Risk Retention Consent and where such sale falls within the exemption provided by section 20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Issuer may not be purchased by any person except for persons that are not Risk Retention U.S. Persons.

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 Notes have not been and will not be registered under the Securities Act or the state securities laws or "blue sky" laws of any state or any other relevant jurisdiction of the United States and therefore may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions in reliance on Regulation S.

The Joint Lead Managers have agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the closing date (the "**Distribution Compliance Period**") within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each affiliate or other dealer (if any) to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. See "*Transfer Restrictions and Investor Representations*" below.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

## ***Ireland***

The Joint Lead Managers have represented and agreed that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 of Ireland, as amended, (the "**EU MiFID Regulations**") including, without limitation, Regulation 5 (Requirement for authorisation (and certain provisions concerning MTFs and OTFs)) thereof and in connection with the EU 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 Notes, otherwise than in conformity with the provisions of the Companies Act 2014 of Ireland, 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 with respect to the 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 with respect to the 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.

### ***European Economic Area***

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), the Joint Lead Managers have represented and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant State other than:

- (a) to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the Arranger and the Joint Lead Managers for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes will require the Issuer, the Joint Lead Managers and the Arranger to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression of "**an offer of Notes to the public**" in relation to any notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes. The expression "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129.

### ***United Kingdom***

In relation to the United Kingdom, the Joint Lead Managers have represented and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in the United Kingdom other than:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the EUWA (the "**UK Prospectus Regulation**");
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the Arranger and the Joint Lead Managers for any such offer; or
- (c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes will require the Issuer, the Joint Lead Managers and the Arranger to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

### ***Prohibition of Sales to EEA Retail Investors***

The Joint Lead Managers have 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, "**EU MiFID II**"); or
- (b) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or
- (c) not a qualified investor as defined in the EU Prospectus Regulation; and

the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes

### ***Prohibition of Sales to UK Retail Investors***

The Joint Lead Managers have 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 domestic law in the United Kingdom by virtue of the EUWA; or
- (b) a customer 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 domestic law in the United Kingdom by virtue of the EUWA; or
- (c) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; and

the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

### **General**

Each of the Issuer, the Arranger, the Joint Lead Managers and the Seller has acknowledged that, save for having obtained the approval of this Prospectus as a prospectus in accordance with the UK Prospectus Regulation, applying for the admission of the Notes to the Official List of the London Stock Exchange and the admission of the Notes to trading on its Regulated Market, no action has been taken by the Issuer, the Arranger, the Joint Lead Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Issuer, the Arranger and the Joint Lead Managers have undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

## **TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS**

### **Offers and Sales**

The Notes (including interests therein represented by a Global Note, a Registered Definitive Note or a Book-Entry Interest) have not been and will not be registered under the Securities Act or any state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to such registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions pursuant to Regulation S.

### ***Investor Representations***

Each purchaser of the Notes (which term for the purposes of this section will be deemed to include any interest in the Notes, including Book-Entry Interests) during the initial syndication will be deemed to have represented and agreed as follows: it (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained a U.S. Risk Retention Consent, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Notes and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in section 20 of the U.S. Risk Retention Rules).

### ***Investor Representations and Restrictions on Resale***

Each purchaser of the Notes (which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) will be deemed to have represented and agreed as follows:

- (a) the Notes have not been and will not be registered under the Securities Act and such Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Notes, then it agrees that it will offer, resell, pledge or transfer such Notes only (i) to a purchaser who is not a U.S. person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. person and who is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S, or (ii) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States, provided, that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;
- (b) unless the relevant legend set out below has been removed from the Notes, such purchaser shall notify each transferee of Notes (as applicable) from it that (i) such Notes have not been registered under the Securities Act, (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) above, (iii) such transferee shall be deemed to have represented that such transferee is acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing; and
- (c) the Issuer, the Registrar, the Arranger, the Joint Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

The Notes bear a legend to the following effect:

**THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES**

REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, AS A MATTER OF U.S. LAW, 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 REGULATION S UNDER THE SECURITIES ACT) (1) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (2) OTHERWISE PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

EACH PURCHASER OR HOLDER OF THIS NOTE SHALL BE DEEMED TO HAVE REPRESENTED BY SUCH PURCHASE AND/OR HOLDING THAT (I) IT IS NOT AND IS NOT USING THE ASSETS OF A BENEFIT PLAN INVESTOR, AND SHALL NOT AT ANY TIME HOLD THIS NOTE FOR OR ON BEHALF OF A BENEFIT PLAN INVESTOR AND (II) IT IS NOT AND IS NOT USING THE ASSETS OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO FEDERAL, STATE, LOCAL OR NON-U.S. LAWS WHICH ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, ("**ERISA**") OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"). THE TERM "**BENEFIT PLAN INVESTOR**" SHALL MEAN (1) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), WHICH IS SUBJECT TO TITLE I OF ERISA, (II) A PLAN DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE CODE, OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY UNDER U.S. DEPARTMENT OF LABOR REGULATIONS § 2510.3-101 (29 C.F.R. § 2510-101) AS MODIFIED BY SECTION 3(42) OF ERISA.

*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

### Authorisation

The issue of the Notes was authorised pursuant to a resolution of the board of directors of the Issuer passed on 17 May 2024.

### Listing of Notes

Application has been made to the London Stock Exchange for the Notes to be admitted to the Official List and trading on its Regulated Market on the Closing Date, subject only to the issue of the Global Note initially representing the Notes.

### Documents Available

For the life of the 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, in the case of paragraph (b) below at the specified office of the Paying Agents) during usual business hours, on any weekday (public holidays excepted) and electronic copies of the following documents may be inspected on the Reporting Website:

- (a) the memorandum and articles of association of each of the Issuer and Holdings; and
- (b) the Trust Deed.

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISINs and Common Codes:

<b>Class of Notes</b>	<b>ISIN</b>	<b>Common Code</b>
Class A Notes	XS2813757171	281375717
Class Z Notes	XS2813757684	281375768
Class X Notes	XS2813757767	281375776

The Notes have the following CFIs and FISNs codes:

<b>Class of Notes</b>	<b>CFI</b>	<b>FISN</b>
Class A Notes	DBVNFR	CMF 2024-1 PLC/VAREUR NT 20561227
Class Z Notes	DBVNFR	CMF 2024-1 PLC/VAREUR NT 20561227
Class X Notes	DBVXFR	CMF 2024-1 PLC/VAREUR NT 20561227

### Significant or Material Change

Since 15 March 2024 (being the date of incorporation of the Issuer and the date of incorporation of Holdings), there has been (a) no material adverse change in the financial position or prospects of the Issuer or Holdings and (b) no significant change in the financial position and financial performance of the Issuer or Holdings.

### Litigation

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) since 15 March 2024 (being the date of incorporation of the Issuer and the date of incorporation of Holdings) 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).

## **Accounts**

No statutory or non-statutory accounts within the meaning of sections 434 and 435 of the Companies Act 2006 (as amended) in respect of any financial year of the Issuer have been prepared. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2024.

## **Post-issuance information**

### ***UK Securitisation Regulation Reporting***

The Issuer will procure that the Cash Manager will prepare the monthly UK Investor Report detailing, *inter alia*, certain aggregated loan data in relation to the Portfolio as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and the UK Article 7 Technical Standards, and shall procure that the Cash Manager delivers such reports to the Servicer in accordance with the provisions of the Cash Management Agreement.

The Issuer will procure that the Servicer will prepare on a monthly basis certain loan-by-loan information in relation to the Portfolio in respect of each Collection Period as required by and in accordance with Article (1)(a) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (the "**UK SR Data Tape**").

The Servicer will publish each UK Investor Report and each UK SR Data Tape simultaneously (to the extent required under Article 7(1) of the UK Securitisation Regulation) with the UK Investor Report in a manner consistent with the requirements of Article 7(2) of the UK Securitisation Regulation and, for these purposes, such reports or information shall be made available to the Noteholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator (or their successors) and, upon request, to potential investors in the Notes, on the Reporting Website, a website which conforms with the requirements set out in Article 7(2) of the UK Securitisation Regulation (or such other website which may be available for such purpose and notified by the Servicer to the Issuer, the Cash Manager, the Security Trustee, the Note Trustee, each Rating Agency and the Noteholders from time to time).

CCFS shall also procure that the Servicer shall publish in a manner consistent with the requirements of Article 7(2) of the UK Securitisation Regulation and, for these purposes, the information is made available to the Noteholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator (or their successors) and, upon request, to potential investors in the Notes, on the Reporting Website (or such other website which may be available for such purpose and notified by the Servicer to the Seller, the Issuer, the Cash Manager, the Security Trustee, the Note Trustee, each Rating Agency and the Noteholders from time to time):

- (a) any information required to be reported pursuant to Article 17 of Regulation (EU) No. 596/2014 as it forms part of UK law by virtue of the EUWA, Articles 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation without delay and in accordance with the UK Article 7 Technical Standards; and
- (b) within 15 days of the issuance of the Notes, copies of the Transaction Documents and this Prospectus.

The Servicer shall make the information referred to in above, including, for the avoidance of doubt, the UK Investor Reports and UK SR Data Tapes, available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes not later than one month after the Interest Payment Date in relation to which such information was prepared.



To the extent any technical standards prepared under the UK Securitisation Regulation come into effect after the date of this Prospectus and require such reports or information to be published in a different manner or on a different website, the Issuer shall procure that the Servicer complies with the requirements of such technical standards when publishing such reports or information.

In such circumstances, CCFS and the Servicer and (if required and in respect of any changes in relation to the UK Investor Report only) the Cash Manager shall consult in good faith regarding the reporting contemplated under Article 7 of the UK Securitisation Regulation and may agree in writing any changes to the form, content, method of distribution and frequency of the UK Investor Report and UK SR Data Tape to ensure compliance with the requirements of Article 7 of the UK Securitisation Regulation. If any changes are agreed, the Issuer, the Servicer and the Cash Manager may enter for these purposes into any amendment agreement to the Servicing Agreement and/or the Cash Management Agreement as the case may be.

The Issuer confirms that CCFS has made available the draft Transaction Documents and the draft Prospectus and the draft UK STS Notification as required by Articles 7(1)(b) and 7(1)(d) of the UK Securitisation Regulation prior to the pricing of the Notes to the competent authorities and (upon request) to potential investors in the Notes in a manner consistent with the requirements of Article 7(2) of the UK Securitisation Regulation and, the information is made available to the Noteholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator (or their successors) and, upon request, to potential investors in the Notes, on the Reporting Website, as well as any information required to be made available prior to pricing of the Notes pursuant to Article 7 of the UK Securitisation Regulation.

A Cash Flow Model (setting out the transaction cashflows) will be available on Moody's Analytics.

### ***EU Securitisation Regulation Reporting***

CCFS will procure in respect of its contractually agreed obligations under Article 7 of the EU Securitisation Regulation that the Cash Manager will prepare the monthly EU Investor Report detailing, *inter alia*, certain aggregated loan data in relation to the Portfolio as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation and the EU Article 7 Technical Standards applicable as at the Closing Date (subject to the remainder of this section "*EU Securitisation Regulation Reporting*"), and shall procure that the Cash Manager delivers such reports to the Servicer in accordance with the provisions of the Cash Management Agreement.

CCFS has appointed the Servicer to perform certain of its contractually agreed obligations under Article 7 of the EU Securitisation Regulation.

CCFS will procure in respect of its contractually agreed obligations under Article 7 of the EU Securitisation Regulation that the Servicer will prepare on a monthly basis certain loan-by-loan information in relation to the Portfolio in respect of each Collection Period as required by and in accordance with Article 7(1)(a) of the EU Securitisation Regulation and the EU Article 7 Technical Standards applicable as at the Closing Date (the "**EU SR Data Tape**") (subject to the remainder of this section "*EU Securitisation Regulation Reporting*").

The Servicer will make available each EU Investor Report, the Prospectus, each Transaction Document and each EU SR Data Tape to the Noteholders, the competent authorities and, upon request, to potential investors in the Notes, on the Reporting Website (or such other website which may be available for such purpose and notified by the Servicer to the Seller, the Issuer, the Cash Manager, the Security Trustee, the Note Trustee, each Rating Agency and the Noteholders from time to time).

The Servicer or another third party will publish, without delay, any (i) inside information relating to the Issuer which the Issuer determines it is obliged to make pursuant to Article 17 of Regulation (EU) No. 596/2014 and Article 7(1)(f) of the EU Securitisation Regulation and will be disclosed to the public by the Issuer; or (ii) any significant event pursuant to Article 7(1)(g) of the EU Securitisation Regulation, in each case in accordance with the EU Article 7 Technical Standards.

In the case of each of CCFS's contractually agreed obligations under Article 7 of the EU Securitisation Regulation described above such obligations only apply:

- (a) as such articles and/or requirements under the EU Securitisation Regulation and the EU Article 7 Technical Standards described above are interpreted and applied solely on the Closing Date and not taking into account any relevant national measures (provided that CCFS may comply or procure compliance with any amendments to applicable EU technical standards, guidance or policy statements introduced above after the Closing Date at its discretion);
- (b) in the form or template prescribed under the EU Securitisation Regulation and the EU Article 7 Technical Standards as at the Closing Date only or in the form as the Issuer, the Seller, the Servicer and the Cash Manager may otherwise agree in writing and who shall consult in good faith regarding the reporting contemplated under this section entitled "*EU Securitisation Regulation Reporting*";
- (c) based upon the requirements of the UK Securitisation Regulation and EU Securitisation Regulation that are applicable as at the date of this Prospectus, until the Servicer and the Cash Manager are notified in writing by the Issuer of any differences and/or deviations from the prescribed templates to be used pursuant to the EU Securitisation Regulation or the UK Securitisation Regulation (as applicable) it is expected that each EU Data Tape will be the same as each UK Data Tape (in which case the Servicer will only be required to produce one report for both requirements) and each EU Investor Report will be the same as each UK Investor Report (in which case the Cash Manager will only be required to produce one report for both requirements);
- (d) until the applicable SR Equivalency Date (for so long as SR Equivalency is maintained);
- (e) subject always to any requirement of law; and
- (f) provided that:
  - (i) none of the Issuer, CCFS, the Servicer or the Seller will be in breach of such obligation if it fails to so comply due to events, actions or circumstances beyond its control;
  - (ii) the Issuer, CCFS, the Seller, the Servicer and the Cash Manager are only required to comply with such obligations to the extent that the disclosure requirements under Article 7 of the EU Securitisation Regulation and EU Article 7 Technical Standards (in each case, as in force as at the Closing Date) remain in effect.

The Issuer confirms that CCFS has made available the draft Transaction Documents, the draft Prospectus and the draft UK STS Notification as required by Articles 7(1)(b) and 7(1)(d) of the EU Securitisation Regulation (as if such requirement applied to it) prior to the pricing date of the Notes.

Other than as outlined above, the Issuer does not intend to provide post issuance transaction information regarding the Notes or the Loans.

### **STS reporting**

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

A draft version of the UK STS Notification was made available prior to pricing to potential investors in the Notes by way of the website on the Reporting Website.

**No other activities since incorporation**

Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.

**Websites**

Any website referred to in this document does not form part of this Prospectus.

**Miscellaneous**

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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