

# **STS Term Verification Checklist**

## **Darrowby No. 6 plc**



PRIME COLLATERALISED SECURITIES (PCS) UK LIMITED

15 October 2024

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This is the STS Term Verification Checklist (UK Version) for STS Term Verifications.

This STS Term Verification Checklist must be read together with the PCS Procedures Manual and the PCS Term Evidentiary Standards Manual. This document is based upon the materials received by PCS as at the date of this document. Any page references in this document are to the prospectus unless otherwise stated.

PCS comments in this Provisional STS Term Verification Checklist are based on PCS' interpretation of the STS Regulation EU 2017/2402 of the European Union as amended and incorporated into United Kingdom law by the Securitisation (Amendment) (EU Exit) Regulations 2019 (the "Regulation") informed by (a) the text of the Regulation itself, (b) following the joint guidance of the Bank of England and the PRA of April, 2019, the EBA guidelines and recommendations issued in accordance with Article 19(2) of the Regulation (the "EBA Guidelines") to the extent that they remain relevant following Brexit and where published prior to 1st January 2020 and (c) any relevant interpretation of the STS criteria by the Financial Conduct Authority to the extent known to PCS.

It is important that the reader of this checklist reviews and understands the disclaimer referred to on the following page.

**15 October 2024**

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PCS EU and PCS UK are authorised respectively by the French Autorité des Marchés Financiers and by the United Kingdom Financial Conduct Authority as third parties verifying STS compliance pursuant to article 28 of Regulation (EU) 2017/2402 (the “**STS Regulation**”) and The Securitisation (Amendment) (EU Exit) Regulations 2019.

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When entering any of the “Transaction” sections of the PCS Website, you will be asked to declare that you are allowed to do so under the legislation of your country. The circulation and distribution of information regarding securitisation instruments (including securities) that is available on the PCS Website may be restricted in certain jurisdictions. Persons receiving any information or documents with respect to or in connection with instruments (including securities) available on the PCS Website are required to inform themselves of and to observe all applicable restrictions.

## PRIME COLLATERALISED SECURITIES (PCS) STS Verification

Individual(s) undertaking the assessment	Mark Lewis
Date of Verification	15 October 2024
<b>The transaction to be verified (the "Transaction")</b>	<b>Darrowby No. 6 plc</b>
Issuer	Darrowby No. 6 plc
Originator	Skipton Building Society
Arranger / Lead Manager(s)	HSBC and SANTANDER CORPORATE & INVESTMENT BANKING
Transaction Legal Counsel	Dentons UK & Middle East LLP
Rating Agencies	Fitch and Moody's
Stock Exchange	London Stock Exchange
Closing Date	15 October 2024

PCS confirms that all checklist points have been verified as detailed in the associated comment box in the checklist below.

A summary of the checklist points by article is set out in the table of contents on the next page together with a reference to the respective article contents. To examine a specific article from the list below, please click on the article description to be taken directly to the relevant section of the checklist.

Within the checklist, the relevant legislative text is set out in grey introductory boxes with specific criteria for our verification listed underneath.

Article	Summary of Article Contents	PCS Verified	
<b>Article 20 – Simplicity</b>			
20(1)	<a href="#">True sale</a>	1	✓
20(2-3)	<a href="#">Severe clawback</a>	2	✓
20(4)	<a href="#">True sale with intermediate steps</a>	3	✓
20(5)	<a href="#">Assignment perfection</a>	4	✓
20(6)	<a href="#">Encumbrances to enforceability of true sale</a>	5	✓
20(7)	<a href="#">Eligibility criteria, active portfolio management, and exposure transferred after closing</a>	6 - 8	✓
20(8)	<a href="#">Homogeneity, enforceability, full recourse, periodic payment streams, no transferable securities</a>	9 - 14	✓
20(9)	<a href="#">No securitisation positions</a>	15	✓
20(10)	<a href="#">Origination, underwriting standards, unverified residential loans, assessment of creditworthiness, originator expertise</a>	16 - 21	✓
20(11)	<a href="#">No undue delay after selection, no exposures in default or to credit-impaired or insolvent debtors/quarantors, portion of restructured debtors, adverse credit history, higher pool risk</a>	22 - 30	✓
20(12)	<a href="#">At least one payment made</a>	31	✓
20(13)	<a href="#">No predominant dependence on the sale of asset</a>	32	✓
<b>Article 21 – Standardisation</b>			
21(1)	<a href="#">Risk retention</a>	33	✓
21(2)	<a href="#">Appropriate mitigation of interest-rate and currency risks and disclosure, no further derivatives and hedging derivatives according to common standards</a>	34 - 39	✓
21(3)	<a href="#">Referenced interest payments</a>	40	✓
21(4)	<a href="#">Requirements in the event of enforcement or delivery of acceleration notice: no cash trap, sequential amortisation, no reversal, no automatic liquidation</a>	41 - 44	✓
21(5)	<a href="#">Non-sequential priority of payments</a>	45	✓
21(6)	<a href="#">Early amortisation provisions/triggers for termination of revolving period</a>	46 - 49	✓
21(7)	<a href="#">Duties, responsibilities, and replacement of transaction parties</a>	50 - 52	✓
21(8)	<a href="#">Expertise of the servicer</a>	53 - 54	✓
21(9)	<a href="#">Remedies and actions by servicer related to delinquency and default of debtor, priorities of payments, triggers for changes, obligation to report</a>	55 - 59	✓
21(10)	<a href="#">Resolution of investor conflicts and fiduciary party responsibilities and duties</a>	60 - 61	✓
<b>Articles 22 and 7 – Transparency</b>			
22(1)	<a href="#">Historical asset data</a>	62 - 64	✓
22(2)	<a href="#">AUP/asset verification</a>	65 - 66	✓
22(3)	<a href="#">Liability cashflow model</a>	67 - 68	✓
22(4)	<a href="#">Environmental performance of asset</a>	69	✓
22(5)	<a href="#">Responsibility for article 7, information disclosure before pricing and 15 days after closing</a>	70 - 73	✓
7(1)	<a href="#">Transparency requirements: underlying loan data, documentation, priority of payments, transaction summary, STS notification, investor report, inside information, significant event report, simultaneously, without delay</a>	74 - 83	✓
7(2)	<a href="#">Transparency requirements: securitisation repository, designation of responsible entity</a>	84 - 85	✓

**Article 20.1.** The title to the underlying exposures shall be acquired by the SSPE by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party. The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.

<b>1</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>1. The title to the underlying exposures shall be acquired by the SSPE by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party.</p>	
	<p><b>PCS Comments</b></p> <p>See the section Mortgage Sale Agreement , summarising the Mortgage Sale Agreement , Portfolio</p> <p>See also Risk Factors, RISKS RELATED TO THE MORTGAGES</p> <p>Seller to initially retain legal title to the Loans and risks relating to set-off, first paragraph:</p> <p>The sale by the Seller to the Issuer of certain Loans secured by English Mortgages (the "English Loans") and their Related Security (until legal title is conveyed) takes effect in equity only. The sale of the Scottish Loans and their Related Security from the Seller to the Issuer will be given effect by Scottish Declarations of Trust by the Seller (and any sale of any Additional Loans in respect of a Scottish Loan and its Related Security will be given effect to by a further Scottish Declaration of Trust by the Seller) in favour of the Issuer by which the beneficial interest in such Scottish Loans and their Related Security will be transferred to the Issuer. In each case, this means that the Issuer will not acquire legal title and, in the case of registered land in England or Wales, will not be registered as proprietor and legal owner of the Mortgage at the Land Registry or, in the case of land in Scotland, will not be registered or recorded as heritable creditor at the Registers of Scotland, until certain trigger events occur under the terms of the Mortgage Sale Agreement (see "The Portfolio – Sale of the Mortgages and their Related Security", below).</p> <p>"True sale" is not a legal concept but a rating agency creation.</p> <p>The essence of a "true sale" is that the property in the securitised assets has legally moved from the originator/seller to the SSPE in such a way that the SSPE's ownership will be recognised as a matter of law, including and especially in the case of the insolvency of the originator/seller. In a "true sale" the insolvency officer and creditors of the insolvent originator/seller are not able to satisfy the claims of the originator/seller's creditor out of the proceeds of the securitised assets. Following a "true sale" there is no legal device by which the assets can automatically revert to the originator/seller's ownership. Such automatic reversion is associated with security interests and anathema to a "true sale".</p> <p>This is clearly stated in the wording of the Regulation (20.1). The expression "transfer to the same effect" indicates that, as long as the conditions in the preceding paragraph are met, the Regulation does not seek to limit the type of legal devices which can be used to effect such transfer of title.</p> <p>The issue of "true sale" is separate from the issue of "clawback". "Clawback" refers to legal processes through which, in the insolvency of the seller of an asset, an insolvency officer is entitled to reverse the sale – even in cases where a "true sale" has taken place.</p> <p>All European jurisdictions, to PCS' knowledge, have rules allowing for clawbacks. Clawbacks are usually rules to avoid a company heading towards insolvency from "defrauding" its existing creditors either by selling assets at very low prices (to friends and relations) or unfairly preferring certain creditors over others.</p> <p>The Regulation (20.1) therefore does not require STS "true sales" to be clawback-proof since this would mean that no European securitisation could ever be STS. It does require the sale not to be subject to "severe clawback". The Regulation does not define "severe clawback" but gives an example (20.2) where a clawback happens for no reasons.</p> <p>The Regulation (20.3) also explicitly excludes from the definition of "severe clawback" the traditional European basis for such devices which all come under the general category of "preferences".</p>	

PCS further notes that the examples (20.2 and 20.3) refer to the insolvency law of a jurisdiction and therefore believes that clawback risk is to be assessed on a jurisdictional basis rather than on a transactional basis.

Finally, PCS does not believe and nor is there any evidence that the legislators or regulatory authorities are seeking to craft a higher standard than that which has been used for decades by the market and was the basis for the legislative text.

Based on the above considerations, PCS believes that transfers from jurisdiction meeting the following criteria – absent any other indications – shall not fall within the definition of “severe clawback”:

- Clawback requires an unfair preference “defrauding” creditors
- Clawback puts the burden of proof on the insolvency officer or creditors – in other words it cannot be automatic nor require the purchaser to prove their innocence

Since “severe clawback” is a jurisdictional concept, in analysing this issue PCS will therefore first seek to determine the Originator’s jurisdiction for the purposes of insolvency law. This would be its centre of main interest or “COMI”.

The second step would be to determine whether the relevant COMI contains severe claw back provisions in its insolvency legislation.

Although the determination of a COMI can be a technically fraught analysis of international conflicts of law, PCS notes that in the vast majority of securitisations there is no real issue as the COMI is self-evident.

In the case of the Transaction, title to the assets is transferred, in the case of English, Welsh assets by means of an equitable assignment and, in the case of Scottish assets, by a transfer of the beneficial interest only.

The legal opinions from Dentons and Shepherd and Wedderburn confirm that an equitable assignment in England and Wales and a Scottish assignment of the beneficial interest meets the definition of “true sale” outlined above

In the case of Skipton Building Society, a United Kingdom credit institution with the near totality of its business in the United Kingdom selling mortgages secured solely on property in the United Kingdom, the COMI is without meaningful doubt the United Kingdom.

United Kingdom insolvency law provides for clawback in the cases of preferences and transactions at an undervalue and require the insolvency officer to prove that case. Therefore, and as confirmed by the Opinions, the transfer is not, in our opinion, subject to “severe clawback”.

**Article 20.1** [...] The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.

**Article 20.2** For the purpose of paragraph 1, any of the following shall constitute severe clawback provisions:

(a) provisions which allow the liquidator of the seller to invalidate the sale of the underlying exposures solely on the basis that it was concluded within a certain period before the declaration of the seller's insolvency;

(b) provisions where the SSPE can only prevent the invalidation referred to in point (a) if it can prove that it was not aware of the insolvency of the seller at the time of sale..

**Article 20.3.** For the purpose of paragraph 1, clawback provisions in national insolvency laws that allow the liquidator or a court to invalidate the sale of underlying exposures in case of fraudulent transfers, unfair prejudice to creditors or of transfers intended to improperly favour particular creditors over others, shall not constitute severe clawback provisions.

<b>2</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u></b>
	2. The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.	<b>YES</b>
<b><u>PCS Comments</u></b>		
See section , SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT		
Centre of main interests		
Pursuant to the Mortgage Sale Agreement, the Seller shall confirm that its "centre of main interests" for the purposes of the UK Insolvency Regulation and the UNCITRAL Implementing Regulations is in England and Wales and that it has no "establishment" (as defined in the UK Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England and Wales. COMI is in the UK.		
UK does not have severe clawback provisions and neither provision noted applies.		
See comment under Criterion 1 above.		

**Article 20.4.** Where the seller is not the original lender, the true sale or assignment or transfer with the same legal effect of the underlying exposures to the seller, whether that true sale or assignment or transfer with the same legal effect is direct or through one or more intermediate steps, shall meet the requirements set out in paragraphs 1 to 3.

<b>3</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u></b>
	3. Where the seller is not the original lender, the true sale or assignment or transfer with the same legal effect of the underlying exposures to the seller, whether that true sale or assignment or transfer with the same legal effect is direct or through one or more intermediate steps, shall meet the requirements set out in paragraphs 1 to 3.	<b>YES</b>
<b><u>PCS Comments</u></b>		
See section, TRANSACTION PARTIES ON THE CLOSING DATE.		
Seller is Skipton Building Society		
See section, SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT		
Mortgage Sale Agreement, Representations and Warranties (c) and (d)		



(c) each Loan was originated by the Seller as principal in the ordinary course of business and was originated, and is denominated, in Pounds Sterling.  
 (d) 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 Originator applied at the time of origination to similar exposures that are not included in the Portfolio;  
 Article 20.4 does not apply to the transaction.

**Article 20.5.** Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to effect such perfection shall, at least include the following events:

- (a) severe deterioration in the seller credit quality standing;
- (b) insolvency of the seller; and
- (c) unremedied breaches of contractual obligations by the seller, including the seller's default.

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**STS Criteria**

4. Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to effect such perfection shall, at least include the following events:  
 (a) severe deterioration in the seller credit quality standing;  
 (b) insolvency of the seller; and  
 (c) unremedied breaches of contractual obligations by the seller, including the seller's default.

**Verified?  
YES**

**PCS Comments**

See section ,SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT  
 Mortgage Sale Agreement, Perfection Trigger Events  
 (a) severe deterioration in the seller credit quality standing;  
 Perfection Trigger Events (b)  
 a "Severe Deterioration Event": if the Seller determines, as at any date, that its CET1 Ratio has fallen below 7.00%;  
 (b) insolvency of the seller; and  
 Perfection Trigger Events (a)  
 (c) unremedied breaches of contractual obligations by the seller, including the seller's default.  
 Perfection Trigger Events (c)  
 Criterion 4 requires two steps:  
 • To determine whether the transfer of the assets is by means of an unperfected assignment; and  
 • If it is, whether the transaction contains the requisite triggers.

In the absence of any definition of “an assignment perfected at a later stage” in the Regulation or the EBA Guidelines and without additional views from the UK Financial Conduct Authority it is not possible to determine with finality whether an English equitable assignment is “unperfected” within the meaning of the Regulation – as distinguished from the meaning of the English rules of equity.

PCS believes there are good reasons why the Regulation’s term of “an assignment perfected at a later stage” does not encompass an English equitable assignment.

However, this is not a question that is required to be answered in the case of the Transaction since, even if equitable assignments are unperfected assignments as defined in the Regulation, the requirements of the criterion are met by the Transaction.

PCS has measured the trigger events against the EBA Guidelines.

20.5(a)

No absolute definition of “severe deterioration” can be given, but clearly the Regulation is seeking to avoid requiring a “hair trigger” deterioration. In other words, an originator could provide a “hair trigger” deterioration if it wanted to. Therefore, the rule does not require an originator or investor to weigh carefully the severity of the trigger so long as it meets the requirements of the EBA

Guidelines to be related to the seller’s credit standing, be observable and related to financial health.

The trigger provided in the Transaction meets these requirements.

20.5(b)

The insolvency trigger is in the Transaction

20.5(c)

The Regulation refers to “unremedied breaches of contractual obligations by the seller, including the seller’s default”.

PCS notes that neither the Regulation nor the EBA Guidelines specify which contractual obligations are targeted. One can assume that this cannot possibly mean any seller contractual obligation since most financial institutions have millions of contractual obligations under tens of thousands of contracts. It is not conceivable that, in order to protect a securitisation, a transfer could be required resulting from a trivial breach of a totally unrelated contractual provision (e.g. to keep the walls painted on a leased property unconnected to the transaction).

PCS also notes that the Regulation clearly does not say “any breaches of contractual obligations”. Therefore, the Regulation must be aiming at an undefined sub-set of contractual obligations. In the absence of any indication in the Regulation or EBA Guidelines as to what this sub-set may be, PCS concludes, until clarification may be provided, that it is up to the originator to define which sub-set of obligations should trigger a possible perfection.

PCS does believe though that the Regulation must be interpreted in a purposive manner – as evidenced by the EBA Guidelines. Therefore, the sub-set of obligations selected by the originator cannot be capricious but should have some connection with the risks that would be run by investors if the seller should encounter a problem prior to perfection of the title.

The unremedied breach trigger is in the Transaction.

**Article 20.6.** The seller shall provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the securitisation are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect.

<b>5</b>	<p><b><u>STS Criteria</u></b></p> <p>5. The seller shall provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the securitisation are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect.</p>	<b><u>Verified?</u></b>
	<p><b><u>PCS Comments</u></b></p> <p>See section ,SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</p> <p>Mortgage Sale Agreement, Representations and Warranties:</p> <p>(pp) the Seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits agreed to be sold and/or assigned by the Seller to the Issuer free and clear of all Security, claims and equities (including, without limitation, rights of set-off or counterclaim).</p> <p>(ss) there is no restriction on the assignment of the Loans and their Related Security and the Seller may freely assign and enter into trust arrangements in respect of all its rights, title, interests and benefits therein as contemplated in the Mortgage Sale Agreement without breaching any term or condition applying to any of them.</p> <p>(p) each Loan has been entered into by the Seller and the relevant Borrower in accordance with all applicable laws to the extent that failure to comply with those laws would have a Material Adverse Effect on the enforceability or the collectability of that Loan or its Related Security.</p>	

**Article 20.7.** The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.

6	<b>STS Criteria</b> 6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria....	<b>Verified?</b> <b>YES</b>
	<p><b>PCS Comments</b></p> <p>See section, SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT.</p> <p>Mortgage Sale Agreement, Representations and Warranties, Additional Loan Conditions and Product Switches, Further Advances, Additional Loans and Substitution</p> <p>The EBA Guidelines clarify that “clear” does not mean easily readable or comprehended by a non-expert. In the Regulation a criterion is “clear” when a court or tribunal could determine whether, presumably in all cases, the criterion is met for each asset. In the Regulation, “clear” is about certainty of determination.</p> <p>PCS has read the relevant representations/warranties in the Prospectus/the Mortgage Sale Agreement. As they are mandatory, they meet the “predetermined” requirement. As they are in the Prospectus/Mortgage Sale Agreement they meet the “documented” requirement. PCS has also concluded that they allow determination in each case and so meet the “clear” requirement.</p>	
7	<b>STS Criteria</b> 7. Which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management.	<b>Verified?</b>
	<p><b>PCS Comments</b></p> <p>See section, SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT , Mortgage Sale Agreement, Repurchase by the Seller</p> <p>No active portfolio management</p> <p>The Seller’s rights and obligations to sell Loans and their Related Security to the Issuer and/or repurchase Loans and their Related Security from the Issuer pursuant to the Mortgage Sale Agreement (including with respect to breach of Warranties, insufficient funds to fund a further Advance, breach of Conditions, breach of the Additional Loan Conditions, and interest rate hedging) do not constitute active portfolio management for purposes of Article 20(7) of the UK Securitisation Regulation.</p> <p>The EBA Guidelines set out seven devices to repurchase securitised assets which are not to be considered indicative of “active portfolio management”. To the extent that a transaction only contains some or all of those seven devices and does not provide any other form of repurchase, then the STS criterion will be met.</p> <p>If the transaction should contain a repurchase device that is not included in the EBA’s list, then an analysis will need to be conducted as to whether this additional device offends against the principles set out in the EBA Guidelines (15.a and b) as defining “active portfolio management”.</p> <p>PCS has reviewed all the repurchase devices set out in the Prospectus/Mortgage Sale Agreement and these are acceptable within the context of the EBA final guidelines.</p> <p>PCS also notes that there is an explicit affirmative statement in the Prospectus to the effect that the Transaction does not allow for “active portfolio management”.</p>	

<b>8</b>	<b>STS Criteria</b>	<b>Verified?</b>
<p>8. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.</p>		
<p><b>PCS Comments</b></p> <p>See section, SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT, Mortgage Sale Agreement, See Mortgage Sale Agreement, Representations and Warranties, Additional Loan Conditions and Product Switches, Further Advances, Additional Loans and Substitution Representations and Warranties: "Except as stated otherwise, the Seller will give the following representations and warranties in the Mortgage Sale Agreement, with respect to itself, the Loans originated by it and their Related Security, to the Issuer and the Trustee on each of the following dates:(i) the Closing Date (in respect of the Initial Portfolio); or (ii) the relevant Additional Sale Date (in respect of Additional Loans); or (iii) the relevant Substitution Date (in respect of Substitute Loans);..." the ("Loan Warranties"); and (iv) in respect of Further Advances, the representations and warranties set out at paragraphs (b) to (w) (inclusive), (y), (z), (bb), (dd), (ee), (ff), (gg), (pp), (qq), (rr), (ss), (vv), (ww), (xx), (yy), (zz), (aaa), (bbb), (ccc) and (fff) are given on the last calendar day of each month during which an Advance Date has occurred (the "Further Advance Warranties"); (v) in respect of Product Switches, the representations and warranties set out at paragraphs (e), (f), (g), (i), (y), (bb), (cc), (yy), (zz), (aaa), (bbb), (ccc) and (fff)] are given on the last calendar day of each month during which a Switch Date has occurred (the "Product Switch Warranties"), This criterion is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting at the same time that the absence of any such covenant – although possibly unsettling for some investors - would not invalidate the STS status of the transaction at closing.</p>		

**Article 20.8.** The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type. The underlying exposures shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.

<b>9</b>	<b>STS Criteria</b>	<b>Verified?</b>
<p>9. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type.</p>		<b>YES</b>

**PCS Comments**

See Section "The Portfolio, The Loans

Other characteristics

The Loans comprised in the Portfolio as at the Cut-Off 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 Administrator pursuant to the Administration Agreement in accordance with the same servicing procedures with respect to monitoring, collections and administration of cash receivables generated from such Loans; and (iv) form one asset category, namely residential loans secured with one or several mortgages on residential immovable property in England, Wales and Scotland.

The definition of "homogeneity" in the Regulation is also the subject of a Regulatory Technical Standard ("RTS"). Being set out in an RTS, rather than a guideline or recommendation issued by the EBA,

the definition of "homogeneity" will be legally binding on all regulatory authorities. Such RTS has been formally adopted by the European Commission on 28 May 2019.

In interpreting the expression, PCS has based itself on the text of the Regulation, its knowledge of the intent of the legislators – including, crucially, the legislators belief that the STS Regulation was justified by the excellent performance of most "plain vanilla" European securitisations and the draft RTS adopted by the European Commission.

Based on the above, it seems clear to PCS that the Regulation would not seek to exclude from the STS category securitisations that have performed extremely well and are universally considered "homogenous" by market participants. This does not exonerate any transaction from being analysed against this criterion but does set the background for such analysis.

Turning, for guidance, to the RTS adopted by the European Commission, in principle, four elements require examination: (a) "similar underwriting standards", (b) "similar servicing standards", (c) "same asset class" and (d) "relevant risk factors". Consumer loans are though considered sufficiently homogeneous and do not need to meet also a specific homogeneity factor.

Following the guiding principles of the EBA, we note that "similar underwriting standards" must mean something like the same type of underwriting approach, looking at the same types of data points to calculate the same type of credit risk. It cannot mean "exactly the same underwriting criteria", since this would make it impossible for any securitisation ever to have a "homogenous" pool.

In the Transaction, the receivables were underwritten on a similar basis, they are being serviced by Skipton Building Society on the same platform, they are a single asset class – residential mortgage loans – and, based on the EBA's suggested approach, the receivables are all originated in the same jurisdiction.

PCS also takes great comfort from the fact that transactions containing pools with similar characteristics have always been considered to be "homogenous" by a wide consensus of market participants.

10

**STS Criteria**

10. The underlying exposures shall contain obligations that are contractually binding and enforceable.

**Verified?**

**YES**

**PCS Comments**

See section, SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT Mortgage Sale Agreement, Representations and Warranties (y):

(y) the Current Balance on each Loan and its Related Security constitutes a valid debt due to the Seller from the relevant Borrower and the terms of each Loan and its Related Security constitute legal, valid, binding and enforceable obligations of the Borrower and each Loan and its Related Security is non-cancellable (except that (i) the Seller makes no

representation as to the fairness or otherwise of terms which relate to its ability to vary the rate of interest; (ii) enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the courts' discretion in relation to equitable remedies and, for the avoidance of doubt, such laws include but are not limited to, the Unfair Terms in Consumer Contracts Regulations 1994, the Unfair Terms in Consumer Contracts Regulations 1999 and the Unfair Contract Terms Act 1977 and the Consumer Rights Act 2015; and (iii) this representation shall not apply in respect of any early repayment charges or redemption fees).

<b>11</b>	<b>STS Criteria</b> 11. With full recourse to debtors and, where applicable, guarantors.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section , SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT Mortgage Sale Agreement, Representations and Warranties (r) The Seller has full recourse to the relevant Borrower under the relevant Loan.	

**Article 20.8.** The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts, relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.

<b>12</b>	<b>STS Criteria</b> 12. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Section "The Portfolio , The Loans – Characteristics of the loans: Repayment Terms Borrowers typically make payments of interest on, and repay principal of, their Loans using one of the following methods: <ul style="list-style-type: none"> <li>• Repayment Loans: the Borrower makes monthly payments of both interest and principal so that, when the Loan matures, the Borrower will have repaid the full amount of the principal of the Loan.</li> <li>• Interest Only Loans: the Borrower makes monthly payments of interest but not of principal; when the Loan matures, the entire principal amount of the Loan is still outstanding and the Borrower must repay that amount in one lump sum. Where Loans are interest only, proof is required that a suitable repayment mechanism has been put in place.</li> <li>• Part and Part Loans: the Borrower is required to repay part of the principal amount of the Loan by making monthly payments of both interest and principal and to repay the remaining part of the principal amount of the Loan in one lump sum when the Loan matures.</li> </ul>	
<b>13</b>	<b>STS Criteria</b> 13. Relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> The underlying assets are secured by first ranking mortgages and Related Security.	

**Article 20.8.** The underlying exposures shall not include transferable securities, as defined in Article 4(1), (24) of Article 2(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.

<b>14</b>	<b>STS Criteria</b>	<b>Verified? YES</b>
	<p>14. The underlying exposures shall not include transferable securities, as defined in Article 4(1), (24) of Article 2(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.</p> <p><b>PCS Comments</b></p> <p>See Section “The Portfolio, The Loans – Other Characteristics:</p> <p>“The Loans comprised in the Initial Portfolio as at the Cut-Off 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. The Loans comprised in the Initial Portfolio as at the Cut-Off Date will be transferred to the Issuer after selection for inclusion in the Portfolio without undue delay for purposes of Article 20(11) of the UK Securitisation Regulation.”</p>	

**Article 20.9.** The underlying exposures shall not include any securitisation position.

<b>15</b>	<b>STS Criteria</b>	<b>Verified? YES</b>
	<p>15. The underlying exposures shall not include any securitisation position.</p> <p><b>PCS Comments</b></p> <p>See Section “The Portfolio, The Loans – Other Characteristics:</p> <p>“The Loans comprised in the Initial Portfolio as at the Cut-Off 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. The Loans comprised in the Initial Portfolio as at the Cut-Off Date will be transferred to the Issuer after selection for inclusion in the Portfolio without undue delay for purposes of Article 20(11) of the UK Securitisation Regulation.”</p>	



**Article 20.10.** The underlying exposures shall be originated in the ordinary course of the originator’s or original lender’s business pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.

16	<b>STS Criteria</b> 16. The underlying exposures shall be originated in the ordinary course of the originator’s or original lender’s business.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section, SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT Mortgage Sale Agreement, Representations and Warranties: (c) each Loan was originated by the Seller as principal in the ordinary course of business and was originated, and is denominated, in Sterling.	
17	<b>STS Criteria</b> 17. Pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section, SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT Mortgage Sale Agreement, Representations and Warranties: (d) 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 Originator applied at the time of origination to similar exposures that are not included in the Portfolio;	

**Article 20.10.** The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.

18	<b>STS Criteria</b> 18. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section, The Portfolio, The Loans: Changes to the underwriting policies and Lending Criteria “Any material changes from the Seller’s prior underwriting policies and Lending Criteria shall be disclosed without undue delay to the extent required under Article 20(10) of the UK Securitisation Regulation.” Although somewhat confusingly drafted "future changes" are not drafted in the Securitisation regulation. However, the EBA Guidelines make clear that the part of the criterion referring to changes from prior underwriting is a future event criterion. It applies to changes in underwriting criteria that occur post-closing. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.	

However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting, at the same time, that the absence of any such covenant – although possibly unsettling for some investors - would not invalidate the STS status of the transaction at closing.

PCS has identified the existence of such a covenant in the Prospectus. Although somewhat confusingly drafted, the EBA Guidelines make clear that the part of the criterion referring to changes from prior underwriting is a future event criterion. It applies changes in underwriting criteria that occur post-closing. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost.

Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting at the same time that the absence of any such covenant – although possibly unsettling for some investors – would not invalidate the STS status of the transaction at closing.

**Article 20.10.** In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.

<b>19</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u></b> <b>YES</b>
	<p>19. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.</p> <p><b><u>PCS Comments</u></b></p> <p>See section, SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT Mortgage Sale Agreement, Representations and Warranties:</p> <p>(l) no Loan was marketed and underwritten on the premise that the loan applicant or, as applicable, any intermediary, was made aware that the information provided might not be verified by the Seller.</p>	

**Article 20.10.** The assessment of the borrower's creditworthiness 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 or, where applicable, equivalent requirements in third countries.

<b>20</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u></b>
	<p>20. The assessment of the borrower's creditworthiness 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 or, where applicable, equivalent requirements in third countries.</p> <p><b><u>PCS Comments</u></b></p> <p>See Section "The Portfolio , The Loans - Characteristics of the Loans states</p> <p>Lending criteria</p> <p>Changes to the underwriting policies and Lending Criteria</p>	

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

The criterion requires consumer loans or mortgages to have been underwritten in accordance with one of two European Directives. As a general principle, European Directives, in contrast to Regulations, do not have direct and immediate effect but must be implemented into national law country by country.

Therefore, if the assets concerned, as in the case of the Transaction, are residential mortgages, the relevant Directive is 2014/17/EU. The next step is to determine which UK law transcribed this Directive into local law.

PCS assumes, although the Regulation and the EBA Guidelines are silent on this point, that the requirement for mortgages and consumer loans to have been underwritten in compliance with the Directives only applies to assets underwritten after these Directives were transcribed into national law.

This was done in the UK via the MCD Order issued in March 2016.

The originator has provided a representation that this criterion is met

**Article 20.10.** The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.

<b>21</b>	<b>STS Criteria</b> 21. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.	<b>Verified?</b> <b>YES</b>
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**PCS Comments**

See section, SKIPTON BUILDING SOCIETY

“The Society has significantly more than five years of experience in the origination, underwriting and servicing of mortgage loans similar to those included in the Portfolio.”

An entity originating assets similar to those securitised for at least five years is deemed, according to the EBA Guidelines to have “expertise”. Skipton Building Society has been making mortgage loans in the UK for considerably longer than five years. This information may be found in the Prospectus

**Article 20.11.** The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013...

22	<b>STS Criteria</b> 22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section, The Portfolio, The Loans: Other characteristics "The Loans comprised in the Portfolio as at the Cut-Off Date will be transferred to the Issuer after selection for inclusion in the Portfolio without undue delay for purposes of Article 20(11) of the UK Securitisation Regulation." PCS has assumed that any period of three-and-a-half months or less between pool cut date and closing will meet the requirements of the criterion. This is in line with market standards. The time between the selection date and the transfer to the Issuer for this Transaction is in line with the Criterion.	
23	<b>STS Criteria</b> 23. And shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013...	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section, SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT Mortgage Sale Agreement, Representations and Warranties: (t) No Loan is considered by the Seller as being in default within the meaning of Article 178(1) of the UK CRR. The Representations and Warranties do not permit the inclusion of Purchased Receivables that are in default.	

**Article 20.11.** The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:

(a) 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 three 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 date of transfer or assignment of the underlying exposures to the SSPE, except if:

(i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and

(ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;

(b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or

(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.

24	<b>STS Criteria</b>	24. Or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:	<b>Verified?</b>
			<b>YES</b>
	<b>PCS Comments</b>	See section, SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT Mortgage Sale Agreement, Representations and Warranties:	
		(u) No Loan, so far as the Seller is aware, is a Loan to a Borrower who is a "credit-impaired debtor" as described in Article 20(11) of the UK Securitisation Regulation, and, in each case, in accordance with any official guidance issued in relation thereto.	
25	<b>STS Criteria</b>	25.(a) 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 three years prior to the date of origination.	<b>Verified?</b>
			<b>YES</b>
	<b>PCS Comments</b>	See section, SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT Mortgage Sale Agreement, Representations and Warranties:	
		(u) No Loan, so far as the Seller is aware, is a Loan to a Borrower who is a "credit-impaired debtor" as described in Article 20(11) of the UK Securitisation Regulation, and, in each case, in accordance with any official guidance issued in relation thereto.	
		(o) to the best of the Seller's knowledge, no Borrower has filed for bankruptcy, been sequestrated, entered into an individual voluntary arrangement, or debt arrangement scheme (in terms of the Debt Arrangement and Attachment (Scotland) Act 2002 and the Debt Arrangement Scheme (Scotland) Regulations 2011, both as amended), or had a non-appealable county court judgment, Scottish court decree for payment or bankruptcy order entered or made against them or has incurred material damages as a result of a missed payment within three years prior to the date of origination of the relevant Loan, or has undergone a debt-restructuring process with regard to his/her non-performing exposures within three years prior to the Closing Date in respect of the Initial Portfolio, and the Additional Sale Date in respect of the relevant Additional Loan.	

	The EBA guidelines state the circumstances in (a) to (c) of Article 20.11 should be understood as definitions of credit-impairedness. The criterion is therefore met.	
26	<p><b>STS Criteria</b></p> <p>26. Or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See section, SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT Mortgage Sale Agreement, Representations and Warranties:</p> <p>(u) No Loan, so far as the Seller is aware, is a Loan to a Borrower who is a "credit-impaired debtor" as described in Article 20(11) of the UK Securitisation Regulation, and, in each case, in accordance with any official guidance issued in relation thereto.</p> <p>(o) to the best of the Seller's knowledge, no Borrower has filed for bankruptcy, been sequestered, entered into an individual voluntary arrangement, or debt arrangement scheme (in terms of the Debt Arrangement and Attachment (Scotland) Act 2002 and the Debt Arrangement Scheme (Scotland) Regulations 2011, both as amended), or had a non-appealable county court judgment, Scottish court decree for payment or bankruptcy order entered or made against them or has incurred material damages as a result of a missed payment within three years prior to the date of origination of the relevant Loan, or has undergone a debt-restructuring process with regard to his/her non-performing exposures within three years prior to the Closing Date in respect of the Initial Portfolio, and the Additional Sale Date in respect of the relevant Additional Loan.</p> <p>The EBA guidelines state the circumstances in (a) to (c) of Article 20.11 should be understood as definitions of credit-impairedness. The criterion is therefore met.</p>	
27	<p><b>STS Criteria</b></p> <p>27. (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>Not applicable. No restructured underlying exposure are to be included. See Criterion 26 above,</p> <p>The EBA guidelines state the circumstances in (a) to (c) of Article 20.11 should be understood as definitions of credit-impairedness. The criterion is therefore met.</p>	
28	<p><b>STS Criteria</b></p> <p>28. (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>Not applicable. No restructured underlying exposure are to be included. See Criterion 26 above,</p> <p>The EBA guidelines state the circumstances in (a) to (c) of Article 20.11 should be understood as definitions of credit-impairedness. The criterion is therefore met.</p>	

29	<b>STS Criteria</b> 29. (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender;	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section, SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT Mortgage Sale Agreement, Representations and Warranties: (u) No Loan, so far as the Seller is aware, is a Loan to a Borrower who is a "credit-impaired debtor" as described in Article 20(11) of the UK Securitisation Regulation, and, in each case, in accordance with any official guidance issued in relation thereto. (m) to the best of the Seller's knowledge, at the time of origination of the relevant Loan, no Borrower either (i) appeared on a register available to the Seller of persons with an adverse credit history or (ii) 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. The EBA guidelines state the circumstances in (a) to (c) of Article 20.11 should be understood as definitions of credit-impairedness. The criterion is therefore met.	
30	<b>STS Criteria</b> 30. (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section, SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT Mortgage Sale Agreement, Representations and Warranties: (u) No Loan, so far as the Seller is aware, is a Loan to a Borrower who is a "credit-impaired debtor" as described in Article 20(11) of the UK Securitisation Regulation, and, in each case, in accordance with any official guidance issued in relation thereto. (m) to the best of the Seller's knowledge, at the time of origination of the relevant Loan, no Borrower either (i) appeared on a register available to the Seller of persons with an adverse credit history or (ii) 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. The EBA guidelines state the circumstances in (a) to (c) of Article 20.11 should be understood as definitions of credit-impairedness. The criterion is therefore met.	

**Article 20.12.** The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.

<b>31</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u> YES</b>
	31. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.	
<b><u>PCS Comments</u></b>		
See section , SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT Mortgage Sale Agreement, Representations and Warranties: (q) each Borrower has made at least one Monthly Payment with respect to each Loan.		

**Article 20.13.** The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures. This shall not prevent such assets from being subsequently rolled-over or refinanced.  
The repayment of the holders of the securitisation positions whose underlying exposures are secured by assets the value of which is guaranteed or fully mitigated by a repurchase obligation by the seller of the assets securing the underlying exposures or by another third party shall not be considered to depend on the sale of assets securing those underlying exposures.

<b>32</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u> YES</b>
	32. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures.	
<b><u>PCS Comments</u></b>		
See section The Portfolio, The Loans – Repayment terms which include : Repayment mortgage loans and Interest-only mortgage loans and or a combination of the two repayment types. Although there was some uncertainty over the status of interest-only mortgages, this has been definitively cleared up by the EBA Guidelines specific statement that this criterion was not designed to capture these products. Accordingly, none of the assets in the pool display any predominant reliance on the sale of the assets.		



**Article 21.1.** The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.

<b>33</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u></b>
	33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.	<b>YES</b>
<b><u>PCS Comments</u></b>		
Deed of Charge Retention Undertaking		
In the Deed of Charge the Seller undertakes to the Issuer and the Trustee to hold a material net economic Interest pursuant to Article 6 of the UK Securitisation Regulation and certain requirements as to providing investor information in connection with the retention of such interest, which include its obligations to provide all information required to be made available to Noteholders or the Swap Provider thereunder to the Issuer and the Trustee on request, subject always to any requirement of law regarding the provision of such information, provided that the Seller will not be in breach of such undertaking if the Seller fails to do so due to events, actions or circumstances beyond the Seller's control.		
Retention Undertaking		
As at the Closing Date, such interest will be comprised of an interest in the first loss tranche in this case the Class B Notes, in accordance with Article 6(3)(d) of the UK Securitisation Regulation		

**Article 21.2.** The interest rate and currency risks arising from the securitisation shall be appropriately mitigated and any measures taken to that effect shall be disclosed.

<b>34</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u></b>
	34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.	<b>YES</b>
<b><u>PCS Comments</u></b>		
See section "Risk Factors – Basis Risk"		
See section KEY STRUCTURAL FEATURES, Swap Agreement - describes the hedging of the various fixed rates of interest payable on the loans in the Portfolio and (ii) the floating rate of interest payable on the Notes.		
"To hedge against the possible variance between:		
(i) various fixed rates of interest payable on the Loans in the Portfolio; and		
(ii) the floating rate of interest payable on the Notes,		
the Issuer will, on or about the Closing Date, enter into the Swap Agreement with the Swap Provider, being an agreement in the form of a 1992 ISDA Master Agreement (together with a Schedule and Swap Credit Support Annex thereto) and a swap confirmation documenting the fixed rate swap transaction thereunder. It is not intended that variances between the interest rate on Loans in the Portfolio payable by reference to the Seller Standard Variable Rate the Seller Mortgage Variable Rate (or, as applicable, the Issuer Variable Rate) and Tracker Rate will be hedged under the Swap Agreement, or any other swap agreement. The Swap Agreement is not designed to provide a perfect hedge for the Loans included in the		

Portfolio or eliminate all risks associated with the mismatch between rates payable in respect of such Loans and interest rates in respect of the Notes. However, the Fixed Rate Swap Transaction covers a major share of the interest rate risk present in the context of the Notes.”

Clearly and explicitly, “appropriate” hedging does not require “perfect” hedging. This is confirmed by the EBA Guidelines which require the hedges to cover a “major share” of the risk from an “economic perspective”. However, the definition of “appropriate” hedging or a “major share” of the risk will always contain an element of subjectivity and must be analysed on a case by case basis.

The fact that the Regulation was crafted by the legislators to recognise existing high quality European securitisations rather than raise the bar to a level not previously encountered, together with the common-sense approach of the EBA, leads to the conclusion that transactions considered adequately hedged by common investor and rating agency consensus should be held to meet this criterion.

This still requires an analysis of the matter. Since PCS is not a quantitative analysis provider or a credit rating agency, our verification is based on a second-hand analysis which focuses on:

- A statement in the Prospectus or other document setting out the boundary conditions of the hedging. This should state in effect how far the hedging stretches and under what scenario’s it will break. For example, if interbank rates rise above X%. This will provide a common-sense feel for whether, at first glance, the hedging is reasonable.
- Risk Factors section of the prospectus to check that no statements refer to the risks of “unhedged positions”. This is based on the legal requirement to disclose any relevant information to investors. If the originator or its advisers believed that the hedging in a transaction was unusually light, this should be disclosed in the Risk Section.
- The “pre-sale” report from a recognised credit rating agency (if used) so as to identify any issues with hedging. Again, rating agencies as credit specialists should highlight in their analysis any substantial and unusual hedging risks.

The fixed rate mortgages are hedged. Seller SVR, Seller MVR and BoE Base Rate linked Notes are not hedged but benefit from the General Reserve in relation to appropriate risk mitigation.

35	<b><u>STS Criteria</u></b> 35. Currency risks arising from the securitisation shall be appropriately mitigated.	<b><u>Verified?</u></b> <b>YES</b>
	<b><u>PCS Comments</u></b> Not applicable. Asset and Liabilities are denominated in pound sterling,	
36	<b><u>STS Criteria</u></b> 36. Any measures taken to that effect shall be disclosed.	<b><u>Verified?</u></b> <b>YES</b>
	<b><u>PCS Comments</u></b> See section “Key Structural Features - Swap Agreement” and point 34 above.	

**Article 21.2.** Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and shall ensure that the pool of underlying exposures does not include derivatives.

Those derivatives shall be underwritten and documented according to common standards in international finance.

37	<b>STS Criteria</b> 37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section, ISSUER  The Issuer was established as a special purpose vehicle for the purposes of issuing the Notes. The Issuer has no subsidiaries. The Seller does not own directly or indirectly any of the share capital of Holdings or the Issuer. Except for the purpose of hedging interest-rate or currency risk, the Issuer will not enter into derivative contracts for the purposes of Article 21(2) of the UK Securitisation Regulation.	
38	<b>STS Criteria</b> 38. ...Shall ensure that the pool of underlying exposures does not include derivatives.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See the section The Portfolio, The Loans:  Other characteristics  "The Loans comprised in the Portfolio as at the Cut-off Date do not include: (i) any transferable securities for purposes of Article 8 or 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. The Loans comprised in the Portfolio as at the Cut-off Date will be transferred to the Issuer after selection for inclusion in the Portfolio without undue delay for purposes of Article 20(11) of the UK Securitisation Regulation."	
39	<b>STS Criteria</b> 39. Those derivatives shall be underwritten and documented according to common standards in international finance.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> "Swap Agreement" means the swap agreement between the Issuer and the Swap Provider thereunder dated on or about the Closing Date, consisting of a 1992 ISDA Master Agreement together with a Schedule thereto, a credit support annex and a confirmation documenting the Fixed Rate Swap Transaction as such may be amended from time to time, and/or any successive or replacement swap agreement entered into by the Issuer from time to time;  Swap Agreement... "the Issuer will, on or about the Closing Date, enter into the Swap Agreement with the Swap Provider, being an agreement in the form of a 1992 ISDA Master Agreement (together with a Schedule and Swap Credit Support Annex thereto) and a swap confirmation documenting the fixed rate swap transaction thereunder..."	

**Article 21.3.** Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, and shall not reference complex formulae or derivatives.

<b>40</b>	<p><b><u>STS Criteria</u></b></p> <p>40. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds and shall not reference complex formulae or derivatives.</p>	<b><u>Verified?</u></b> <b>YES</b>
	<p><b><u>PCS Comments</u></b></p> <p>Assets: see section "THE PORTFOLIO, THE LOANS - Characteristics of the Loans</p> <p>Interest Payments</p> <p>The Loans in the Portfolio have one or more of the following interest terms:</p> <ul style="list-style-type: none"> <li>• Fixed Rate Loans: Loans subject to a fixed interest rate for a specified period of time and which at the expiration of that period generally convert to Variable Rate Loans or Tracker Rate Loans. An early repayment charge may be payable in respect of these Loans for a set period of time, which generally corresponds with the term of the fixed interest rate.</li> <li>• Tracker Rate Loans: Loans subject to a variable rate of interest that is linked to the Bank of England base rate (the "BoE Base Rate") plus an additional fixed percentage (the "Tracker Rate"), usually for a fixed period but, in some instances, for the life of the Loan (the "Life Tracker Rate Loans"). At the end of any fixed period, generally the Loans may convert to Variable Rate Loans or remain as Tracker Rate Loans.</li> <li>• Discount Rate Loans: Loans which allow the Borrower, for a set period of time or for the life of the Loan, to pay interest at a specified discount to the Seller Standard Variable Rate, the Seller Mortgage Variable Rate or Issuer Variable Rate, as the case may be. At the end of the discounted period, generally the Loans convert to a Variable Rate Loan. An early repayment charge may be payable in respect of these Loans for a set period of time, which generally corresponds with the term of the discounted interest rate.</li> <li>• Capped (BoE Base Rate) Loans: Tracker Rate Loans which have a rate of interest which will not increase above a specified rate for a set period of time or for the life of the Loan. At the end of the period, generally the Loans convert to a Variable Rate Loan. An early repayment charge may be payable in respect of these Loans for a set period of time, which generally corresponds with the term of the capped interest rate.</li> <li>• Floored (BoE Base Rate) Loans: Tracker Rate Loans which have a rate of interest which will not decrease below a specified rate for a set period of time or for the life of the Loan. At the end of the period, generally the Loans convert to a Variable Rate Loan. An early repayment charge may be payable in respect of these Loans for a set period of time, which generally corresponds with the term during which the interest rate will not decrease below the fixed rate.</li> <li>• Capped (Variable) Loans: Variable Rate Loans which have a rate of interest which will not increase above a specified rate for a certain period of time. At the end of the period, generally the Loans convert to a Variable Rate Loan. An early repayment charge may be payable in respect of these Loans for a set period of time.</li> <li>• Variable Rate Loans: Loans subject to a rate of interest linked to the Seller Standard Variable Rate, Seller Mortgage Variable Rate or Issuer Variable Rate, as the case may be, for the life of the Loan or until an alternative product that the Borrower qualifies for is selected by the Borrower. Variable Rate Loans will not usually have an early repayment charge.</li> </ul> <p>Liabilities:</p> <p>Class A Notes: Compounded Daily SONIA plus a Margin or Step-Up Margin, as applicable</p> <p>Class B Notes: Compounded Daily SONIA</p>	

**Article 21.4.** Where an enforcement or an acceleration notice has been delivered:

- (a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;
- (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;
- (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and
- (d) No provisions shall require automatic liquidation of the underlying exposures at market value.

41	<b>STS Criteria</b> 41. Where an enforcement or an acceleration notice has been delivered: (a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section , OVERVIEW OF CREDIT STRUCTURE AND CASHFLOW Summary of Priority of Payments - Post-Enforcement Priority of Payments There is no cash trapping	
42	<b>STS Criteria</b> 42. (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section, OVERVIEW OF CREDIT STRUCTURE AND CASHFLOW Summary of Priority of Payments - Post-Enforcement Priority of Payments Payments of principal are sequential.	
43	<b>STS Criteria</b> 43. (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See 41 and 42 above – repayments are made sequentially pre and post enforcement	

44	<b>STS Criteria</b> 44. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section Terms and Conditions of the Notes ,; 6.2 Enforceability For the purposes of Article 21(4)(d) of the UK Securitisation Regulation, no provision of the Deed of Charge requires automatic liquidation upon default of the Issuer.	

**Article 21.5.** Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.

45	<b>STS Criteria</b> 45. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> The transaction does not feature non- sequential priority of payments. See section , OVERVIEW OF CREDIT STRUCTURE AND CASHFLOW Summary of Priorities of Payments Pre-Acceleration Revenue Priority of Payments: and Pre-Acceleration Principal Priority of Payments and Post-Acceleration Priority of Payments The first step in analysing this criterion is to determine whether the transaction features non-sequential priorities of payment in relation to the amortisation of the Notes. This criterion is met as there are no non-sequential priority of payments.	

**Article 21.6.** The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:

- (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;
- (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;
- (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);
- (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).

<b>46</b>	<p><b><u>STS Criteria</u></b></p> <p>46. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:</p> <p>(a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</p>	<p><b><u>Verified?</u></b></p> <p><b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>See section "Mortgage Sale Agreement", Additional Loan Conditions</p> <p>In order for any Additional Loans to be sold to the Issuer, certain conditions (the Additional Loan Conditions) must be complied with as at the relevant Additional Cut-off Date: Which includes:</p> <p>(vi) no Revolving Period End Date has occurred or will occur as a result of the sale and purchase of such Additional Loan;</p> <p>"Revolving Period End Date" means the occurrence of any of the following events:</p> <p>(f) following the application of the Pre-Enforcement Revenue Priority of Payments on any Interest Payment Date, the debit balance recorded to the Class B Principal Deficiency Sub-Ledger is in excess of 1% of the aggregate Principal Amount Outstanding of all Notes as at such Interest Payment Date;</p> <p>(i) the aggregate Current Balance of the Loans in the Portfolio which are then in arrears for 3 months or more is greater than or equal to 5 per cent. of the aggregate Current Balance of all Loans in the Portfolio as at such Interest Payment Date in which an Additional Sale Date occurs;</p>	
<b>47</b>	<p><b><u>STS Criteria</u></b></p> <p>47. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</p>	<p><b><u>Verified?</u></b></p> <p><b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>See section "Mortgage Sale Agreement," Additional Loan Conditions</p> <p>In order for any Additional Loans to be sold to the Issuer, certain conditions (the Additional Loan Conditions) must be complied with as at the relevant Additional Cut-off Date: Which includes:</p> <p>(vi) no Revolving Period End Date has occurred or will occur as a result of the sale and purchase of such Additional Loan;</p> <p>"Revolving Period End Date" means the occurrence of any of the following events:</p> <p>(b) the occurrence of a Seller Insolvency Event (after the passing of any applicable grace period);</p>	

	(c) an Administrator Insolvency Event;	
48	<b>STS Criteria</b> 48. (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section "Mortgage Sale Agreement," Additional Loan Conditions In order for any Additional Loans to be sold to the Issuer, certain conditions (the Additional Loan Conditions) must be complied with as at the relevant Additional Cut-off Date: Which includes: (vi) no Revolving Period End Date has occurred or will occur as a result of the sale and purchase of such Additional Loan; "Revolving Period End Date" means the occurrence of any of the following events: (j) the date on which the Seller ceases to originate new loans that are capable of meeting the predetermined credit quality requirements set out in the Mortgage Sale Agreement and complying in all material respects with the Loan Warranties; or (k) immediately upon payment of any Additional Loan Consideration for any Additional Loans, the amount standing to the credit of the Retained Principal Ledger, as at the date 5 Business Days after the last day of the calendar month on which an Interest Payment Date falls, is greater than 3.5% of the aggregate Current Balance of the Loans in the Portfolio as at the Closing Date.	
49	<b>STS Criteria</b> 49. (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section "Mortgage Sale Agreement," Additional Loan Conditions In order for any Additional Loans to be sold to the Issuer, certain conditions (the Additional Loan Conditions) must be complied with as at the relevant Additional Cut-off Date: Which includes: (vi) no Revolving Period End Date has occurred or will occur as a result of the sale and purchase of such Additional Loan; "Revolving Period End Date" means the occurrence of any of the following events: (j) the date on which the Seller ceases to originate new loans that are capable of meeting the predetermined credit quality requirements set out in the Mortgage Sale Agreement and complying in all material respects with the Loan Warranties; or (k) immediately upon payment of any Additional Loan Consideration for any Additional Loans, the amount standing to the credit of the Retained Principal Ledger, as at the date 5 Business Days after the last day of the calendar month on which an Interest Payment Date falls, is greater than 3.5% of the aggregate Current Balance of the Loans in the Portfolio as at the Closing Date.	

Article 21.7. The transaction documentation shall clearly specify:



(a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;  
 (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and  
 (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.

<b>50</b>	<b><u>STS Criteria</u></b> 50. The transaction documentation shall clearly specify: (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;	<b><u>Verified?</u></b> <b>YES</b>
	<b><u>PCS Comments</u></b> See: The Administration Agreement – Servicer Trust Deed – responsibilities of the Note Trustee Deed of Charge -Security Trustee Agency Agreement Cash Management Agreement – Cash Manager Account Bank Agreement – Account Bank	
<b>51</b>	<b><u>STS Criteria</u></b> 51. (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and	<b><u>Verified?</u></b> <b>YES</b>
	<b><u>PCS Comments</u></b> See section, Administration Agreement Removal or Resignation of an Administrator Back-Up Administrator Facilitator  Under the Administration Agreement, upon the occurrence of a Back-Up Administrator Event, the Issuer shall require the Administrator, with the assistance of the Back-Up Administrator Facilitator, within 60 days, to use reasonable endeavours to appoint a suitable back-up administrator in accordance with the terms of the Administration Agreement	

52	<b>STS Criteria</b> 52. (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> TRIGGERS TABLES - Rating Triggers Table Swap Provider, Account Bank, Administrator, Cash Manager Swap Agreement : Replacement of the Swap Agreement: Replacement upon early termination "In the event that the Swap Agreement is terminated prior to its scheduled termination date, and prior to the service of an Enforcement Notice or the redemption in full of all outstanding Notes, the Issuer shall use its reasonable efforts to enter into a replacement swap agreement." See also, Replacement in other circumstances See also both Citi Account Bank and Skipton Account Bank	
<b>Article 21.8.</b> The servicer shall have expertise in servicing exposures of a similar nature to those securitised and shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.		
53	<b>STS Criteria</b> 53. The servicer shall have expertise in servicing exposures of a similar nature to those securitised	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section, SKIPTON BUILDING SOCIETY The Society has significantly more than five years of experience in the origination, underwriting and servicing of mortgage loans similar to those included in the Portfolio. Constitution The Society is incorporated under the Act for an unlimited duration. The Society is a building society and is authorised by the PRA and regulated by the FCA and PRA under registration number 153706 for accepting deposits, advising on and arranging mortgages, investments and insurance. See also section THE ADMINISTRATOR Skipton Building Society is an entity which is subject to prudential, capital and liquidity regulation in the United Kingdom and it has well documented and adequate policies, procedures and risk management controls relating to the servicing of mortgage loans. Such policies, procedures and risk management controls have been assessed and confirmed by the FCA	

and the PRA in the United Kingdom. Skipton Building Society has significantly more than five years of experience in servicing of mortgage loans similar to those included in the Portfolio.  
 The EBA Guidelines provide that an entity that has serviced similar assets for at least five years will be deemed to meet the expertise criterion.  
 Skipton Building Society has serviced residential mortgages for much longer than five years as described in the Prospectus.

<b>54</b>	<b>STS Criteria</b> 54. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.	<b>Verified?</b> <b>YES</b>
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**PCS Comments**  
 See section , Skipton Building Society is PRA authorised and FCA and PRA regulated (see 54 above)  
 See also section THE ADMINISTRATOR  
 Skipton Building Society is an entity which is subject to prudential, capital and liquidity regulation in the United Kingdom and it has well documented and adequate policies, procedures and risk management controls relating to the servicing of mortgage loans. Such policies, procedures and risk management controls have been assessed and confirmed by the FCA and the PRA in the United Kingdom. Skipton Building Society has significantly more than five years of experience in servicing of mortgage loans similar to those included in the Portfolio.  
 Skipton Building Society is regulated in the United Kingdom by the PRA and FCA as stated in the Prospectus and separately verified by PCS. It therefore meets the criterion.

**Article 21.9.** The transaction documentation shall set out in clear and consistent terms definitions, remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies

<b>55</b>	<b>STS Criteria</b> 55. The transaction documentation shall set out in clear and consistent terms, remedies and actions relating to delinquency and default of debtors debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies.	<b>Verified?</b> <b>YES</b>
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**PCS Comments**  
 See section The Administrator - Arrears and default procedures

**Article 21.9.** The transaction documentation shall clearly specify the priorities of payment, events which trigger changes in such priorities of payment as well as the obligation to report such events. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.

56	<b>STS Criteria</b> 56. The transaction documentation shall clearly specify the priorities of payment,	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> CASHFLOWS AND CASH MANAGEMENT Application of Available Revenue Receipts prior to the service of an Enforcement Notice by the Trustee on the Issuer Application of Available Principal Receipts prior to the service of an Enforcement Notice by the Trustee on the Issuer Application of Revenue Receipts, Principal Receipts and other monies of the Issuer following the Service of an Enforcement Notice	
57	<b>STS Criteria</b> 57. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Terms and Conditions of the Notes 13. Events of Default	
58	<b>STS Criteria</b> 58. The transaction documentation shall clearly specify the obligation to report such events.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> 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 without undue delay to the extent required under Article 21(9) of the UK Securitisation Regulation.	
59	<b>STS Criteria</b> 59. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> 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 without undue delay to the extent required under Article 21(9) of the UK Securitisation Regulation.

**Article 21.10.** The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.

<b>60</b>	<p><b><u>STS Criteria</u></b></p> <p>60. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders</p>	<b><u>Verified?</u></b> <b>YES</b>
	<p><b><u>PCS Comments</u></b></p> <p>(a) the method for calling meetings or arranging conference calls; Terms and Conditions 16.1</p> <p>(b) the maximum timeframe for setting up a meeting or conference call – OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS, Noteholders Meeting provisions: Notice period</p> <p>(c) the required quorum; – OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS, Noteholders Meeting provisions: Quorum:</p> <p>(d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision; – OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS, Noteholders Meeting provision - Required majority for Extraordinary Resolutions and written Resolutions</p> <p>(e) where applicable, a location for the meetings which should be in the Union-- OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS, Noteholders Meeting provisions: Location in the UK</p> <p>Although the wording of the Regulation as to what constitutes the “facilitation of timely resolution of conflicts” is very vague, the EBA Guidelines have helpfully set out the five minimum requirements that the documents should contain to meet this criterion.</p> <p>PCS has reviewed the documents to ascertain that all five are indeed present.</p> <p>PCS expects the Trust Deed to confirm the prospectus statements.</p> <p>PCS notes that the Prospectus and Trust Deed cover the five provisions detailed in the EBA Guidelines.</p>	

**Article 21.10.** The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.

61	<p><b>STS Criteria</b></p> <p>61. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See section, Terms and Conditions of the Notes and OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS</p> <p>See also the Trust Deed and Deed of Charge.</p>	

**Article 22.1.** The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, to potential investors before pricing. Those data shall cover a period no shorter than five years.

62	<b>STS Criteria</b> 62. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised,	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See "Data on static and dynamic historical default and loss performance of loans similar to the Loans". PCS has reviewed the data to its satisfaction	
63	<b>STS Criteria</b> 63. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See point 62 above.	
64	<b>STS Criteria</b> 64. Those data shall cover a period no shorter than five years.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See point 62 above.	

**Article 22.2.** A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party, including verification that the data disclosed in respect of the underlying exposures is accurate.

65	<b>STS Criteria</b> 65. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party,	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> Verification of data  "The Provisional Portfolio has been subject to an agreed upon procedures review on a sample of loans selected from the Provisional Portfolio conducted by a third party and completed on or about 6 September 2024 with respect of the Provisional Portfolio in existence as of 30 June 2024 and no significant adverse findings have been found. This independent third party has also performed agreed upon procedures in order to verify the Provisional Portfolio with the Loan Warranties that are able to be tested, 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 disclosed above 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.”

PCS has reviewed the results of the auditor verification exercise and the results meet the EBA guidelines

<b>66</b>	<b>STS Criteria</b> 66. Including verification that the data disclosed in respect of the underlying exposures is accurate.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> PCS has reviewed the report on agreed upon procedures” (AUP) commonly known as a “pool audit” and can confirm it meets the appropriate requirements.	

**Article 22.3.** The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE, and shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.

<b>67</b>	<b>STS Criteria</b> 67. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> Cashflow model  Skipton Building Society (as originator) will procure that the Cash Manager 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. Skipton Building Society, in its capacity as originator, shall procure that such cash flow model (i) precisely represents the contractual relationship between the Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer, and (ii) is made available to investors in the Notes on an ongoing basis and to potential investors in the Notes upon request. The cashflow model has been made available to potential investors via the Reporting Website prior to the pricing of the Notes.  The criterion requires an accurate liability model to be circulated to prospective investors pre-pricing.  To verify this criterion, PCS will require to see the model. It will then require a statement by the originator that the model will be circulated as required by the criterion.  PCS is not a modelling firm nor has any modelling expertise. Therefore, it will not verify the model’s accuracy or perform any due diligence whatsoever on the model. However, it will seek to satisfy itself indirectly as to the likelihood of the model’s accuracy by requesting details of the individuals (if employed by the originator) or the firms (if the model is outsourced) responsible for the model. PCS will then assess whether, in its sole opinion, the model was put together by persons or firms with a reputation and a track-record in such models.  Having seen the model, read a statement in the prospectus that the model will be made available in accordance with the requirements of the criteria and assessed the firm responsible for the model, PCS is prepared to verify this criterion.	



<b>68</b>	<p><b>STS Criteria</b></p> <p>68. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.</p>	<p><b>Verified?</b></p> <p><b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>Cashflow model</p> <p>Skipton Building Society (as originator) will procure that the Cash Manager 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. Skipton Building Society, in its capacity as originator, shall procure that such cash flow model (i) precisely represents the contractual relationship between the Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer, and (ii) is made available to investors in the Notes on an ongoing basis and to potential investors in the Notes upon request. The cashflow model has been made available to potential investors via the Reporting Website prior to the pricing of the Notes.</p> <p>Although technically covering the period between pricing and close, this is primarily a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</p> <p>However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting, at the same time, that the absence of any such covenant – although possibly unsettling for some investors - would not invalidate the STS status of the transaction at closing.</p> <p>PCS notes the existence of such covenant in the Prospectus.</p>	

**Article 22.4.** In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).

<b>69</b>	<p><b>STS Criteria</b></p> <p>69. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).</p>	<p><b>Verified?</b></p> <p><b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>Environmental performance of the Loans</p> <p>“The Seller has utilised an external third-party service provider to obtain information related to the environmental performance of Mortgaged Properties securing the Loans in the Provisional Portfolio, which may include the environmental performance certificate (EPC) ratings of certain Mortgaged Properties.</p> <p>Where such information is available to the Seller, the Seller will disclose such information in accordance with its obligations under Article 7(1)(a) of the UK Securitisation Regulation.”</p> <p>This environmental impact criterion only applies to mortgages and car loan securitisations. The EBA Guidelines though make it clear that an originator is only required to disclose information that is in its possession and captured in its internal data base or IT systems.</p> <p>PCS notes the statement made in the prospectus by the originator that it does not possess such information in its internal data base or IT systems.</p>	

**Article 22.5.** The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.

<b>70</b>	<b>STS Criteria</b>	<b>Verified?</b>
	70. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.	<b>YES</b>
<b>PCS Comments</b>		
See section, OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS		
Provision of Information to the Noteholders under the Securitisation Regulation:		
Skipton Building Society 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.		

**Article 22.5.** The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.

<b>71</b>	<b>STS Criteria</b>	<b>Verified?</b>
	71. The information required by point (a) the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request.	<b>YES</b>
<b>PCS Comments</b>		
See, Confirmations of the Seller:		
"The Seller confirms that it has made available, prior to pricing, information required by Article 7(1)(a) of the Securitisation Regulation to the extent such information has been requested by a potential investor."		
See Listing and General Information:		
"(n) Information required to be made available prior to pricing to potential investors in the Notes pursuant to Articles 7 and 22(5) of the UK Securitisation Regulation was made available by means of the Reporting Website. Skipton Building Society procured that on or about the date of this Prospectus a UK STS Notification shall be submitted to the FCA, in accordance with Article 27 of the UK Securitisation Regulation, 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 ( <a href="https://data.fca.org.uk/#/sts/stssecuritisations">https://data.fca.org.uk/#/sts/stssecuritisations</a> ). 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 Reporting Website."		
<b>72</b>	<b>STS Criteria</b>	<b>Verified?</b>
	72. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.	<b>YES</b>

**PCS Comments**

See Listing and General Information:

(n) Information required to be made available prior to pricing to potential investors in the Notes pursuant to Articles 7 and 22(5) of the UK Securitisation Regulation was made available by means of the Reporting Website. Skipton Building Society procured that on or about the date of this Prospectus a UK STS Notification shall be submitted to the FCA, in accordance with Article 27 of the UK Securitisation Regulation, 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. A draft version of the UK STS notification was made available prior to pricing to potential investors in the Notes by way of the Reporting Website.

**Article 22.5.** The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.

**73 STS Criteria**

73. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.

**Verified?**

**YES**

**PCS Comments**

See section Listing and General Information (k)

(iv) within 15 days of the issuance of the Notes, make available via the Reporting Website, copies of the Transaction Documents (which, in the case of each Scottish Declaration of Trust, will be in redacted form), the UK STS Notification and this Prospectus.

This criterion speaks to document disclosure within 15 days of closing and therefore is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if it is not met within the specified 15-day period, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost.

Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.

However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting, at the same time, that the absence of any such covenant – although possibly unsettling for some investors - would not invalidate the STS status of the transaction at closing.

PCS notes the existence of such covenant in the Prospectus.

**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authority referred to in Article 29 and, upon request, to potential investors:

(a) information on the underlying exposures on a quarterly basis, or, in the case of ABCP, information on the underlying receivables or credit claims on a monthly basis;

<b>74</b>	<p><b><u>STS Criteria</u></b></p> <p>74. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authority referred to in Article 29 and, upon request, to potential investors:</p> <p>(a) information on the underlying exposures on a quarterly basis,</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>See section Listing and General Information (k) and (l)</p> <p>(k) Skipton Building Society (as originator) will procure that the Cash Manager will:</p> <p>(ii) publish on a quarterly basis certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation;</p> <p>(l) Skipton Building Society and the Issuer will procure the Cash Manager will publish a monthly investor report detailing, inter alia, certain aggregated loan data in relation to the Portfolio in the form required by the Bank of England for the purpose of the Bank of England's sterling monetary framework. Such reports will be published on the Reporting Website. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. Reports will also be made available to the Seller, the Swap Provider, the Rating Agencies, the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes. Other than as outlined above, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Loans.</p> <p>All the criteria from 76 onwards are future event criteria, as to which we refer you to PCS' analysis in Note 75 above.</p> <p>PCS notes the existence of a covenant to provide all the Article 7 information in the Prospectus</p>	

**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authority referred to in Article 29 and, upon request, to potential investors:

- (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:
  - (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;
  - (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;
  - (iii) the derivatives and guarantee agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;
  - (iv) the servicing, back-up servicing, administration and cash management agreements;
  - (v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;
  - (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;

**75** **STS Criteria**

75. (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:
- (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions
  - (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;
  - (iii) the derivatives and guarantee agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;
  - (iv) the servicing, back-up servicing, administration and cash management agreements;
  - (v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;
  - (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;

**Verified?**  
**YES**

**PCS Comments**

See Listing and General Information:

(k) (iv) within 15 days of the issuance of the Notes, make available via the Reporting Website, copies of the Transaction Documents (which, in the case of each Scottish Declaration of Trust, will be in redacted form), the UK STS Notification and this Prospectus.

**Article 7.1.** That underlying documentation shall include a detailed description of the priority of payments of the securitisation;

<b>76</b>	<p><b><u>STS Criteria</u></b>                  76. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;</p>	<p><b><u>Verified?</u></b>  <b>YES</b></p>
	<p><b><u>PCS Comments</u></b>                  CASHFLOWS AND CASH MANAGEMENT                  Application of Available Revenue Receipts prior to the service of an Enforcement Notice by the Trustee on the Issuer                  Application of Available Principal Receipts prior to the service of an Enforcement Notice by the Trustee on the Issuer                  Application of Revenue Receipts, Principal Receipts and other monies of the Issuer following the Service of an Enforcement Notice</p>	

**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authority referred to in Article 29 and, upon request, to potential investors:

(c) where section 85 of the 2000 Act (prohibition of dealing etc in transferable securities without approved prospectus) and rules made by the FCA for the purposes of Part 6 of the 2000 Act (official listing)<sup>1</sup> do not require a prospectus to be drawn up, a transaction summary or overview of the main features of the securitisation, including, where applicable:

- (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;
- (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
- (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;
- (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;

**77** **STS Criteria**

77. (c) where section 85 of the 2000 Act (prohibition of dealing etc in transferable securities without approved prospectus) and rules made by the FCA for the purposes of Part 6 of the 2000 Act (official listing) do not require a prospectus to be drawn up, a transaction summary or overview of the main features of the securitisation, including, where applicable:

- (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;
- (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
- (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;
- (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;

**Verified?**  
**YES**

**PCS Comments**

Not applicable.

**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authority referred to in Article 29 and, upon request, to potential investors:

(d) in the case of STS securitisations, the STS notification referred to in Article 27;

**78** **STS Criteria**

78. (d) in the case of STS securitisations, the STS notification referred to in Article 27;

**Verified?**  
**YES**

**PCS Comments**

See Listing and General Information:

<sup>1</sup> These are "prospectus rules"; see section 73A of the Financial Services and Markets Act 2000 (Part 6 Rules), inserted by S.I. 2005/381

(k) (iv) within 15 days of the issuance of the Notes, make available via the Reporting Website, copies of the Transaction Documents (which, in the case of each Scottish Declaration of Trust, will be in redacted form), the UK STS Notification and this Prospectus.

**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authority referred to in Article 29 and, upon request, to potential investors:

(e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:

- (i) all materially relevant data on the credit quality and performance of underlying exposures;
- (ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties, and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation;
- (iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6.

**79** **STS Criteria**

79. (e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:

- (i) all materially relevant data on the credit quality and performance of underlying exposures;
- (ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties,
- (ii)...and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation;
- (iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6.

**Verified?**  
**YES**

**PCS Comments**

See section Listing and General Information (k):

(k) Skipton Building Society (as originator) will procure that the Cash Manager will:

- (i) publish a quarterly investor report in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation;



**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authority referred to in Article 29 and, upon request, to potential investors:

(f) any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation;

<b>80</b>	<p><b><u>STS Criteria</u></b></p> <p>80. (f) any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation;</p>	<b><u>Verified?</u></b> <b>YES</b>
	<p><b><u>PCS Comments</u></b></p> <p>See section Listing and General Information</p> <p>(k) Skipton Building Society (as originator) will procure that the Cash Manager will:</p> <p>(iii) publish any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) of the UK Securitisation Regulation. Such information will also be made available, on request, to potential holders of the Notes; and</p>	

**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authority referred to in Article 29 and, upon request, to potential investors:

(g) where point (f) does not apply, any significant event such as:

- (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;
- (ii) a change in the structural features that can materially impact the performance of the securitisation;
- (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;
- (iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where competent authority has taken remedial or administrative actions;
- (v) any material amendment to transaction documents.

**81** **STS Criteria**

81. (g) where point (f) does not apply, any significant event such as:

- (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;
- (ii) a change in the structural features that can materially impact the performance of the securitisation
- (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;
- (iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where the competent authority has taken remedial or administrative actions;
- (v) any material amendment to transaction documents.

**Verified?**  
**YES**

**PCS Comments**

See section Listing and General Information

(k) Skipton Building Society (as originator) will procure that the Cash Manager will:

(iii) publish any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) of the UK Securitisation Regulation. Such information will also be made available, on request, to potential holders of the Notes; and

**Article 7.1.** The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest [...ABCP provisions]

<b>82</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
<p>82. The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest [...ABCP provisions]</p>		
<p><b>PCS Comments</b></p> <p>See section OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS</p> <p>Provision of Information to the Noteholders under the Securitisation Regulation:</p> <p>Skipton Building Society (as originator) will procure that the Cash Manager will:</p> <p>(a) publish (i) a quarterly investor report in respect of the relevant Collection Period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation (each, a "UK SR Quarterly Report"); and (ii) on a quarterly basis certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation (the "UK SR Loan Level Information"), simultaneously each quarter (to the extent required under Article 7(1) of the UK Securitisation Regulation) and no later than one month after the relevant Interest Payment Date;</p>		

**Article 7.1.** Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay

When complying with this paragraph, the originator, sponsor and SSPE of a securitisation shall comply with national and United Kingdom law governing the protection of confidentiality of information and the processing of personal data in order to avoid potential breaches of such law as well as any confidentiality obligation relating to customer, original lender or debtor information, unless such confidential information is anonymised or aggregated.

In particular, with regard to the information referred to in point (b) the originator, sponsor and SSPE may provide a summary of the concerned documentation.

The Competent authority shall be able to request the provision of such confidential information to them in order to fulfil their duties under this Regulation.

<b>83</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
<p>83. Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay</p>		
<p><b>PCS Comments</b></p> <p>See section Listing and General Information (k)</p> <p>(k) Skipton Building Society (as originator) will procure that the Cash Manager will:</p> <p>(iii) publish any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) of the UK Securitisation Regulation. Such information will also be made available without delay, on request, to potential holders of the Notes; and</p>		

**Article 7.2.** The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1.

The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.

Or

The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations for which section 85 of the 2000 Act and rules made by the FCA for the purposes of Part 6 of the 2000 Act do not require a prospectus to be drawn up

#### 84 **STS Criteria**

84. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1.

The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.

Or

The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.

**Verified?**  
**YES**

#### **PCS Comments**

Simple, Transparent and Standardised Securitisation In relation to such notification,

In relation to the UK STS Notification, Skipton Building Society has been designated as the (i) first contact point for investors and the FCA and (ii) the reporting entity for the purposes of Article 7(2) of the UK Securitisation Regulation.

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

Provision of Information to the Noteholders under the UK Securitisation Regulation:

Skipton Building Society 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.

For the purposes of Article 7(1) and (2) of the UK Securitisation Regulation, the reports and information set out above shall be published by means of the Reporting Website. The information referred to in paragraph (a) above shall be made available no later than one month following the due date for the payment of interest. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

The Reporting website is <https://editor.eurodw.co.uk>

85	<p><b>STS Criteria</b></p> <p>85. The entity responsible for reporting the information, and the securitisation repository where the information is made available shall be indicated in the documentation regarding the securitisation.</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>Simple, Transparent and Standardised Securitisation In relation to such notification, In relation to the UK STS Notification, Skipton Building Society has been designated as the (i) first contact point for investors and the FCA and (ii) the reporting entity for the purposes of Article 7(2) of the UK Securitisation Regulation.</p> <p>OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS</p> <p>Provision of Information to the Noteholders under the UK Securitisation Regulation:</p> <p>Skipton Building Society 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.</p> <p>For the purposes of Article 7(1) and (2) of the UK Securitisation Regulation, the reports and information set out above shall be published by means of the Reporting Website. The information referred to in paragraph (a) above shall be made available no later than one month following the due date for the payment of interest. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.</p> <p>The Reporting website is <a href="https://editor.eurodw.co.uk">https://editor.eurodw.co.uk</a></p>	