

STS Term Verification Checklist

Friary No.9 plc



PRIME COLLATERALISED SECURITIES (PCS) UK LIMITED

9th May 2024

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This is the STS Term Verification Checklist for STS Term Verifications.

This STS Term 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 references in this document are to the Prospectus unless otherwise stated.

PCS comments in this STS Term Verification Checklist are based on PCS' interpretation of the STS Regulation (the "Regulation") informed by (a) the text of the Regulation itself, (b) the EBA guidelines and recommendations issued in accordance with Article 19(2) of the Regulation (the "EBA Guidelines") and (c) any relevant national competent authorities' interpretation of the STS criteria to the extent known to PCS.

PCS comments in this 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 Withdrawal Act 2019 and 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.

9th May 2024

STS Disclaimer

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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**”).

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In the provision of any of its assessments, PCS has based its decision on information provided directly and indirectly by the originator or sponsor of the relevant securitisation. Specifically, it has relied on statements made in the relevant prospectus or deal sheet, documentation and/or in certificates provided by, or on behalf of, the originator or sponsor in accordance with PCS’ published procedures for the relevant PCS verification or assessment. You should make yourself familiar with these procedures to understand fully how any PCS service is completed. These can be found at <https://pcsmarket.org/> (the “**PCS Website**”). Neither the PCS Association nor PCS UK nor PCS EU undertake their own direct verification of the underlying facts stated in the prospectus, deal sheet, documentation or certificates for the relevant instruments and the completion of any of its assessments or checklists is not a confirmation or implication that the information provided to it by or on behalf of the originator or sponsor is accurate or complete.

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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	Robert Leach
Date of Verification	9 May 2024
The transaction to be verified (the "Transaction")	FRIARY NO.9 PLC
Issuer	FRIARY NO.9 PLC
Originator	Principality Building Society
Lead Manager(s)	NatWest Markets Plc, Banco Santander, S.A.
Transaction Legal Counsel	Dentons
Rating Agencies	Fitch, Moody's
Stock Exchange	London Stock Exchange
Closing Date	9 May 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 blue introductory boxes with specific criteria for our verification listed underneath.

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

1	STS Criteria	Verified? YES
<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>PCS Comments</p> <p>See Prospectus, <i>RISK FACTORS</i>.</p> <p>2. Risks relating to the Underlying Assets</p> <p>Seller to initially retain legal title to the Loans and risks relating to set-off</p> <p>The sale by the Seller to the Issuer of certain loans secured by Mortgages (the Loans) and their Related Security (until legal title is conveyed) takes effect in equity only. 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, until certain trigger events occur under the terms of the Mortgage Sale Agreement (see "Sale of the Portfolio under the Mortgage Sale Agreement" below).</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p> <p>The Portfolio</p> <p>Pursuant to the terms of the Mortgage Sale Agreement, on the Closing Date the Seller will sell its interest in a portfolio of residential mortgage loans (the Loans) and their associated mortgages (the Mortgages and, together with the other security for the Loans, the Related Security) and all monies derived therefrom from and including the Cut-Off Date and from time to time thereafter (collectively referred to herein as the Portfolio) to the Issuer. The sale by the Seller to the Issuer of the Loans in the Portfolio (including pursuant to a substitution, as described below) will be given effect to by an assignment.</p> <p>The Seller's Title</p> <p>(a) immediately prior to the purchase of any Loan and the Related Security by the Issuer, and subject to registration at the Land Registry the Seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits in relation to the Loans and Related Security agreed to be sold and/or assigned by the Seller to the Issuer pursuant to the Mortgage Sale Agreement free and clear of all Security Interests, claims and equities (including, without limitation, rights of set-off or counterclaim and overriding interests within the meaning of either section 3(xvi) of the Land Registration Act 2002), subject only to the Mortgage Sale Agreement and the Borrower's equity of redemption and so long as the Seller is not in breach of any covenant implied by reason of its selling the relevant Portfolio with full title guarantee (or which would be implied if the relevant Land Registry Transfers in the form set out in the Mortgage Sale Agreement were completed and registered or recorded, as appropriate);</p> <p><i>"True sale" is not a legal concept but a rating agency creation.</i></p> <p><i>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".</i></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.

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.

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.

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. 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”.

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 jurisdictions 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.

The English law legal opinion from Dentons contains the required true sale analysis and the assessment of the effects of a re-characterisation, also in an insolvency scenario, in compliance with the EBA Guidelines, and provides sufficient comfort to consider this requirement satisfied.

In the case of Principality Building Society, a building society situated in the United Kingdom, the COMI is considered 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.

2	STS Criteria 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.	Verified? YES
	<p>PCS Comments</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Centre of main interests</p> <p>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.</p> <p><i>COMI is in the UK. The UK does not have severe clawback provisions. See comment under checklist point 1.</i></p>	

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.

3	STS Criteria 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.	Verified? YES
	<p>PCS Comments</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p> <p>Representations and Warranties</p> <p>Loans</p> <p>(c) each Loan was originated by the Seller in the ordinary course of business and was denominated in Sterling upon origination (and is still denominated in Sterling);</p> <p>See Prospectus, <i>TRANSACTION OVERVIEW</i>.</p>	

Seller: Principality Building Society

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 affect 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.

4 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 Prospectus, *SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT*.

Perfection Trigger Events

The completion of the legal transfer or conveyance of the Loans and Related Security (and, where appropriate, their registration) to the Issuer is, save in the limited circumstances referred to below, deferred. Legal title to the Loans and Related Security therefore remains with the Seller. Notice of the sale of the Loans and their Related Security to the Issuer will not (except as stated below) be given to any Borrower.

Legal assignment of the Loans and their Related Security to the Issuer (including, where applicable, their registration or recording in the relevant property register) will be completed as soon as reasonably practicable after the earliest to occur of any of the following:

- (a) a Seller Insolvency Event;
- (b) a Severe Deterioration Event; or
- (c) a breach by the Seller of its obligations under the Mortgage Sale Agreement, where such breach remains unremedied after a period of 90 days following notification to the Seller of such breach.

Each of paragraphs (a) to (c) above is a Perfection Trigger Event provided that any event occurring for the purposes of or pursuant to a Permitted Transfer will not constitute a Perfection Trigger Event.

A Severe Deterioration Event means all or any part having an aggregate value in excess of 10 per cent. of the property, business, undertakings, assets or revenues of the Seller having been attached as a result of any distress, execution or diligence being levied or any encumbrancer taking possession or similar attachment and such attachment having not been lifted within 30 days.

A Seller Insolvency Event occurs if:

(a) the Seller becomes insolvent or is deemed unable to pay its debts within the meaning of section 123(1)(a) of the Insolvency Act 1986 (as amended) (on the basis that the reference in such section to £750 was read as a reference to £ 10,000,000) or sections 1(b), (c), (d) or (e) of the Insolvency Act 1986 (as amended) (on the basis that the words "for a sum exceeding £10,000,000" were inserted after the words "extract registered bond" and "extract registered protest") or applies for, consents to or suffers the appointment of a liquidator, receiver, administrator, building society liquidator, building society special administrator or similar officer over the whole or any substantial part of its undertaking, property, assets or revenues or takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors generally or a distress, execution or diligence or other process is enforced upon the whole or any substantial part of its undertaking or assets and is not discharged within 60 days); or

(b) an order is made, an effective resolution is passed or the necessary consent of the Seller's members is given for the winding-up or dissolution of the Seller or the authorisation or registration of the Seller is or is proposed to be cancelled, suspended or revoked or anything analogous or similar to any of the foregoing occurs; or

(c) the Seller ceases or threatens to cease to carry on its business or substantially the whole of its business

(except in the case of events occurring for the purposes of, or pursuant to, a Permitted Transfer, as defined above).

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.

5	<p>STS Criteria</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>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p> <p>Representations and Warranties</p> <p>The Seller's Title</p> <p>(a) immediately prior to the purchase of any Loan and the Related Security by the Issuer, and subject to registration at the Land Registry the Seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits in relation to the Loans and Related Security agreed to be sold and/or assigned by the Seller to the Issuer pursuant to the Mortgage Sale Agreement free and clear of all Security Interests, claims and equities (including, without limitation, rights of set-off or counterclaim and overriding interests within the meaning of either section 3(xvi) of the Land Registration Act 2002), subject only to the Mortgage Sale Agreement and the Borrower's equity of redemption and so long as the Seller is not in breach of any covenant implied by reason of its selling the relevant Portfolio with full title guarantee (or which would be implied if the relevant Land Registry Transfers in the form set out in the Mortgage Sale Agreement were completed and registered or recorded, as appropriate);</p> <p>See underlying transaction documents, Mortgage Sale Agreement.</p> <p>Schedule 1 – Representations and Warranties</p> <p>Part 2 – Loan Warranties</p> <p>6 The Seller's Title</p> <p>6.1 immediately prior to the purchase of any Loan and the Related Security by the Issuer, and subject to registration at the Land Registry the Seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits in relation to the Loans and Related Security agreed to be sold and/or assigned by the Seller to the Issuer pursuant to the Mortgage Sale Agreement free and clear of all Security Interests, claims and equities (including, without limitation, rights of set-off or counterclaim and overriding interests within the meaning of either section 3(xvi) of the Land Registration Act 2002), subject only to the Mortgage Sale Agreement and the Borrower's equity of redemption and so long as the Seller is not in breach of any covenant implied by reason of its selling the relevant Portfolio with full title guarantee (or which would be implied if the relevant Land Registry Transfers in the form set out in the Mortgage Sale Agreement were completed and registered or recorded, as appropriate);</p> <p>Schedule 2 – Further Advance Warranties</p>	

3 The Seller's Title

3.1 immediately prior to the purchase of any Loan and the Related Security by the Issuer, and subject to registration at the Land Registry the Seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits in relation to the Loans and Related Security agreed to be sold and/or assigned by the Seller to the Issuer pursuant to the Mortgage Sale Agreement free and clear of all Security Interests, claims and equities (including, without limitation, rights of set-off or counterclaim and overriding interests within the meaning of either section 3(xvi) of the Land Registration Act 2002), subject only to the Mortgage Sale Agreement and the Borrower's equity of redemption and so long as the Seller is not in breach of any covenant implied by reason of its selling the relevant Portfolio with full title guarantee (or which would be implied if the relevant Land Registry Transfers in the form set out in the Mortgage Sale Agreement were completed and registered or recorded, as appropriate);

Schedule 3 – Product Switch Warranties

3 The Seller's Title

3.1 immediately prior to the purchase of any Loan and the Related Security by the Issuer, and subject to registration at the Land Registry the Seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits in relation to the Loans and Related Security agreed to be sold and/or assigned by the Seller to the Issuer pursuant to the Mortgage Sale Agreement free and clear of all Security Interests, claims and equities (including, without limitation, rights of set-off or counterclaim and overriding interests within the meaning of either section 3(xvi) of the Land Registration Act 2002), subject only to the Mortgage Sale Agreement and the Borrower's equity of redemption and so long as the Seller is not in breach of any covenant implied by reason of its selling the relevant Portfolio with full title guarantee (or which would be implied if the relevant Land Registry Transfers in the form set out in the Mortgage Sale Agreement were completed and registered or recorded, as appropriate);

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.

<p>6 <u>STS Criteria</u></p> <p>6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria....</p>	<p><u>Verified?</u></p> <p>YES</p>
<p><u>PCS Comments</u></p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p> <p>Representations and Warranties</p> <p>The Seller will represent and warrant to the Issuer and the Trustee in the Mortgage Sale Agreement, on the terms of the Loan Warranties (as defined below) in each case subject to certain additional amendments and conditions as set out in the Mortgage Sale Agreement at the following times:</p> <p>(a) in respect of each Loan and its Related Security in the Portfolio, as at the Closing Date;</p> <p>(b) in relation to any Further Advance and Product Switch as at the relevant Advance Date or Switch Date, as applicable; and</p> <p>(c) in relation to any Substitute Loan, as at the relevant Substitution Date.</p>	

If any of the Loan Warranties are breached in respect of a Loan as at the Closing Date or if any of the Loan Warranties in respect of a Further Advance, Substitute Loan or Product Switch (as applicable) are breached in respect of a Further Advance, Substitute Loan or Product Switch (as applicable) as at the Testing Date following the relevant Advance Date, Substitution Date or Switch Date, such Loan will be repurchased or substituted by the Seller in accordance with the provisions of the Mortgage Sale Agreement. See "Repurchase by the Seller" below for more details.

The Loan Warranties to be given by the Seller as at the Closing Date or, as applicable, the relevant Substitution Date (the Loan Warranties) will comprise the warranties set out below. A more limited set of the Loan Warranties will be made as at the relevant Advance Date or Switch Date (as applicable) in relation to Further Advances and Product Switches. The Loan Warranties will be given in relation to substitute loans as at the Substitution Date in respect of the relevant Substitute Loan as if references to "Loan" in the Loan Warranties are to the relevant Substitute Loan. [...]

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.

PCS has read the eligibility criteria in the Prospectus. As they are mandatory, they meet the "predetermined" requirement. As they are in the Prospectus, they meet the "documented" requirement. PCS has also concluded that they allow determination in each case and so meet the "clear" requirement.

7

STS Criteria

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.

**Verified?
YES**

PCS Comments

See Prospectus, *SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT*.

Mortgage Sale Agreement

Repurchase by the Seller

The Seller has agreed in the Mortgage Sale Agreement to repurchase any of the Loans together with their Related Security sold by it to the Issuer only in the circumstances described below. The Seller does not have any discretionary rights of repurchase. [...]

No active portfolio management

The Seller's rights and obligations to sell Loans and their Related Security to the Issuer and/or repurchase Loans and their Related Security from the Issuer pursuant to the Mortgage Sale Agreement (including with respect to breach of Loan Warranties, Further Advance Conditions, Product Switch Conditions, Substitute Loan Conditions, and interest rate hedging) do not constitute active portfolio management for the purposes of Article 20(7) of the UK Securitisation Regulation.

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. 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". PCS has reviewed the repurchase devices set out in the Prospectus they are within the allowable repurchase devices.

8	STS Criteria 8. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.	Verified? YES
	<p>PCS Comments</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p> <p>Representations and Warranties</p> <p>The Seller will represent and warrant to the Issuer and the Trustee in the Mortgage Sale Agreement, on the terms of the Loan Warranties (as defined below) in each case subject to certain additional amendments and conditions as set out in the Mortgage Sale Agreement at the following times:</p> <p>(a) in respect of each Loan and its Related Security in the Portfolio, as at the Closing Date;</p> <p>(b) in relation to any Further Advance and Product Switch as at the relevant Advance Date or Switch Date, as applicable; and</p> <p>(c) in relation to any Substitute Loan, as at the relevant Substitution Date.</p> <p>If any of the Loan Warranties are breached in respect of a Loan as at the Closing Date or if any of the Loan Warranties in respect of a Further Advance, Substitute Loan or Product Switch (as applicable) are breached in respect of a Further Advance, Substitute Loan or Product Switch (as applicable) as at the Testing Date following the relevant Advance Date, Substitution Date or Switch Date, such Loan will be repurchased or substituted by the Seller in accordance with the provisions of the Mortgage Sale Agreement. See "Repurchase by the Seller" below for more details.</p> <p>The Loan Warranties to be given by the Seller as at the Closing Date or, as applicable, the relevant Substitution Date (the Loan Warranties) will comprise the warranties set out below. A more limited set of the Loan Warranties will be made as at the relevant Advance Date or Switch Date (as applicable) in relation to Further Advances and Product Switches. The Loan Warranties will be given in relation to substitute loans as at the Substitution Date in respect of the relevant Substitute Loan as if references to "Loan" in the Loan Warranties are to the relevant Substitute Loan. [...]</p> <p><i>Note that the transaction is not structured with a revolving period.</i></p>	
<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.</p>		
9	STS Criteria 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.	Verified? YES
	<p>PCS Comments</p> <p>See Prospectus, <i>THE PORTFOLIO</i>.</p>	

	<p>Other Characteristics</p> <p>The Loans comprised in the Provisional Portfolio as at the Portfolio Cut-Off Date are homogeneous for the purposes of Article 20(8) of the UK Securitisation Regulation, on the basis that all such Loans: (i) have been underwritten by Principality in accordance with similar underwriting standards applying similar approaches with respect to the assessment of a potential borrower's credit risk; (ii) are repayment loans or Interest Only Loans or a combination of both entered into substantially on the terms of similar standard documentation for residential mortgage loans; (iii) are serviced by the Servicer pursuant to the Servicing Agreement in accordance with the same servicing procedures with respect to monitoring, collections and administration of cash receivables generated from such Loans; and (iv) form one asset category, namely residential loans secured with one or several mortgages on residential immovable property in England and Wales.</p> <p><i>In the Transaction, the receivables were underwritten on a similar basis, they are being serviced by Principality on the same platform, they are a single asset class – residential mortgages – and, based on the EBA's suggested approach, the receivables are all originated in the same jurisdiction. PCS also takes 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.</i></p>	
<p>10</p>	<p>STS Criteria</p> <p>10. The underlying exposures shall contain obligations that are contractually binding and enforceable.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p> <p>Representations and Warranties</p> <p>Loans</p> <p>(k) the Current Balance on each Loan and its Related Security constitute a legal, valid, binding, enforceable debt due to the Seller from the relevant Borrower except that enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the court's discretion in relation to equitable remedies;</p>	
<p>11</p>	<p>STS Criteria</p> <p>11. With full recourse to debtors and, where applicable, guarantors.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p> <p>Representations and Warranties</p> <p>Loans</p> <p>(nn) The Seller has full recourse to the Borrower and any guarantor of the Borrower under the relevant Loans;</p>	

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.

12	STS Criteria	Verified? YES
	<p>12. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.</p> <p>PCS Comments</p> <p>See Prospectus, <i>THE PORTFOLIO</i>.</p> <p>2. Characteristics of the Loans</p> <p>Repayment Terms</p> <p>Borrowers typically make payments of interest on, and repay principal of, their Loans using one of the following methods:</p> <ul style="list-style-type: none"> • 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. • 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, there must be plausible evidence (from the outset) that a suitable repayment mechanism is realistic and in place. • Part and Part Loans: the Borrower is required to repay a portion of the principal amount of the Loan by making monthly payments of both interest and principal and to repay the remaining portion of the principal amount of the Loan in one lump sum when the Loan matures. For that portion of the Loan that is interest only there must be plausible evidence (from the outset) that a suitable repayment mechanism is realistic and in place. 	
13	STS Criteria	Verified? YES
	<p>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.</p> <p>PCS Comments</p> <p>See point 12 above.</p> <p>See Prospectus, <i>THE PORTFOLIO</i>.</p> <p>Principal Receipts means: (i) principal repayments under the Loans (including payments of Capitalised Interest and Capitalised Expenses and Capitalised Arrears); (ii) recoveries of principal from defaulting Borrowers under Loans being enforced (including the proceeds of sale of the relevant Property but excluding any recoveries of principal from defaulting Borrowers under loans in respect of which enforcement procedures have been completed); (iii) any payment pursuant to any insurance policy in respect of a Mortgaged Property in connection with a Loan in the Portfolio; and (iv) the proceeds of the repurchase of any Loan by the Seller from the Issuer pursuant to the Mortgage Sale Agreement (excluding, for the avoidance of doubt, amounts attributable to Accrued Interest and Arrears of Interest thereon as at the relevant repurchase date).</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p>	

Representations and Warranties

The Seller's Title

(a) immediately prior to the purchase of any Loan and the Related Security by the Issuer, and subject to registration at the Land Registry the Seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits in relation to the Loans and Related Security agreed to be sold and/or assigned by the Seller to the Issuer pursuant to the Mortgage Sale Agreement free and clear of all Security Interests, claims and equities (including, without limitation, rights of set-off or counterclaim and overriding interests within the meaning of either section 3(xvi) of the Land Registration Act 2002, subject only to the Mortgage Sale Agreement and the Borrower's equity of redemption and so long as the Seller is not in breach of any covenant implied by reason of its selling the relevant Portfolio with full title guarantee (or which would be implied if the relevant Land Registry Transfers in the form set out in the Mortgage Sale Agreement were completed and registered or recorded, as appropriate);

See underlying transaction documents, Incorporated Terms Memorandum.

1. Definitions

Loans or Mortgage Loans means the residential loans in the Portfolio sold or to be sold (as applicable) to the Issuer by the Seller on or about the Closing Date pursuant to the Mortgage Sale Agreement and the residential loans which are Substitute Loans sold or to be sold (as applicable) to the Issuer by the Seller on any Substitution Date, pursuant to the Mortgage Sale Agreement including, where the context so requires, each Further Advance sold or to be sold (as applicable) to the Issuer by the Seller after the Closing Date and any loan which is the subject of a Product Switch but excluding (for the avoidance of doubt) each loan and its Related Security redeemed or repurchased by the Seller pursuant to the Mortgage Sale Agreement or otherwise sold by the Issuer in accordance with the terms of the Transaction Documents and no longer beneficially owned by it.

Portfolio means the portfolio of Loans, the Mortgages, the Related Security and all monies derived therefrom sold to the Issuer by the Seller on the Closing Date and thereafter in accordance with the Mortgage Sale Agreement, particulars of which are set out in Part 1 (Portfolio) of Appendix A to the Mortgage Sale Agreement or in a document stored upon electronic media (including, but not limited to, a CD-ROM).

Related Security means, in relation to a Loan, the security for the repayment of that Loan including the relevant Mortgage and all other matters applicable thereto acquired as part of the Portfolio sold to the Issuer pursuant to the Mortgage Sale Agreement including (without limitation):

- (a) the benefit of all affidavits, declarations, consents, renunciations, guarantees, indemnities, waivers and postponements (including Deeds of Consent relating to the relevant Property) from occupiers and other persons having an interest in or rights in connection with the relevant Property;
- (b) each right of action of the Seller against any person (including any solicitor, licensed conveyancer, valuer, registrar or registry or other person) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion (including each Certificate of Title and Valuation Report) given or received in connection with all or part of any Loan and its Related Security or affecting the decision of the Seller to make or offer to make all or part of the Loan; and
- (c) the benefit of (including, without limitation, the rights as the insured person under and as notations of interest on, and returns of premium and proceeds of claims under) insurance and assurance policies (including the relevant Insurance Policies) deposited, charged, obtained or held in connection with the Loan, Mortgage and/or Property and relevant Loan Files.

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.

14	STS Criteria	Verified? YES
	<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>PCS Comments</p> <p>See Prospectus, <i>THE PORTFOLIO</i>.</p> <p>Other Characteristics</p> <p>[...] The Loans comprised in the Provisional Portfolio as at the Portfolio Cut-Off Date do not include: (a) any transferable securities for the purposes of Article 20(8) of the UK Securitisation Regulation; (b) any securitisation positions for the purposes of Article 20(9) of the UK Securitisation Regulation; or (c) any derivatives for the 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.</p>	

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

15	STS Criteria	Verified? YES
	<p>15. The underlying exposures shall not include any securitisation position.</p> <p>PCS Comments</p> <p>See Prospectus, <i>THE PORTFOLIO</i>.</p> <p>Other Characteristics</p> <p>[...] The Loans comprised in the Provisional Portfolio as at the Portfolio Cut-Off Date do not include: (a) any transferable securities for the purposes of Article 20(8) of the UK Securitisation Regulation; (b) any securitisation positions for the purposes of Article 20(9) of the UK Securitisation Regulation; or (c) any derivatives for the 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.</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	<p>STS Criteria</p> <p>16. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p> <p>Representations and Warranties</p> <p>Loans</p> <p>(c) each Loan was originated by the Seller in the ordinary course of business and was denominated in Sterling upon origination (and is still denominated in Sterling);</p> <p>(d) each Loan was originated by the Seller in the ordinary course of business no earlier than 4 January 2016 pursuant to underwriting standards that are no less stringent than those the Seller applied at the time of origination to similar exposures that are not included in the Portfolio;</p>	
17	<p>STS Criteria</p> <p>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.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p> <p>Representations and Warranties</p> <p>Loans</p> <p>(d) each Loan was originated by the Seller in the ordinary course of business no earlier than 4 January 2016 pursuant to underwriting standards that are no less stringent than those the Seller applied at the time of origination to similar exposures that are not included in the Portfolio;</p>	

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	<p>STS Criteria</p> <p>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.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>THE PORTFOLIO</i>.</p> <p>Changes to the underwriting policies and Lending Criteria</p> <p>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.</p> <p><i>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.</i></p> <p><i>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.</i></p>	

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.

19	<p>STS Criteria</p> <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>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p> <p>Representations and Warranties</p> <p>Loans</p> <p>(z) 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.

20	STS Criteria	Verified? YES
	<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>PCS Comments</p> <p>See Prospectus, <i>THE PORTFOLIO</i>.</p> <p>Changes to the underwriting policies and Lending Criteria</p> <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.</p> <p><i>The criterion requires consumer loans or mortgages to have been underwritten in accordance with one of two European Directives. European Directives, in contrast to Regulations, do not have direct effect but must be implemented into national law country by country.</i></p> <p><i>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.</i></p>	

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

21	STS Criteria	Verified? YES
	<p>21. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.</p> <p>PCS Comments</p> <p>See Prospectus, <i>PRINCIPALITY BUILDING SOCIETY</i>.</p> <p>The Seller, the Servicer and the Cash Manager</p> <p>Mortgage lending activities – Residential</p> <p>The Society has significantly more than five years of experience in the origination and underwriting of mortgage loans similar to those included in the Portfolio.</p>	

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	<p>STS Criteria</p> <p>22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...</p>	<p>Verified? YES</p>
<p>PCS Comments</p> <p>See Prospectus, <i>THE PORTFOLIO</i>.</p> <p>Other Characteristics</p> <p>[...] The Loans comprised in the Provisional Portfolio as at the Portfolio Cut-Off Date will be transferred to the Issuer after selection for inclusion in the Portfolio without undue delay for the purposes of Article 20(11) of the UK Securitisation Regulation.</p> <p>See Prospectus, <i>STATISTICAL INFORMATION ON THE PORTFOLIO</i>.</p> <p>The Portfolio Cut-Off Date is 29 February 2024 (as defined above) and is distinct from the Cut-Off Date which is 30 April 2024.</p> <p><i>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.</i></p>		
23	<p>STS Criteria</p> <p>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...</p>	<p>Verified? YES</p>
<p>PCS Comments</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p> <p>Representations and Warranties</p> <p>Loans</p> <p>(dd) no Loan is considered by the Seller as being in default within the meaning of Article 178(1) of the UK CRR;</p>		

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	STS Criteria	Verified?
	24. Or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:	YES
	PCS Comments	
	<i>See points 25 to 30 below.</i>	
	See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i> .	
	Mortgage Sale Agreement	
	Representations and Warranties	
	Loans	
	(ff) to the best of the Seller's knowledge, no Borrower has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within six years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within six years prior to the Closing Date;	
	(hh) 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;	

25	<p>STS Criteria</p> <p>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.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p> <p>Representations and Warranties</p> <p>Loans</p> <p>(ff) to the best of the Seller's knowledge, no Borrower has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within six years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within six years prior to the Closing Date;</p>	
26	<p>STS Criteria</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>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p> <p>Representations and Warranties</p> <p>Loans</p> <p>(ff) to the best of the Seller's knowledge, no Borrower has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within six years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within six years prior to the Closing Date;</p>	
27	<p>STS Criteria</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>Verified? YES</p>
	<p>PCS Comments</p> <p>See point 26 above.</p> <p>Not applicable – no restructured exposures.</p>	

28	<p>STS Criteria</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>Verified? YES</p>
	<p>PCS Comments</p> <p>See point 26 above.</p> <p>Not applicable – no restructured exposures.</p>	
29	<p>STS Criteria</p> <p>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;</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p> <p>Representations and Warranties</p> <p>Loans</p> <p>(hh) 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;</p>	
30	<p>STS Criteria</p> <p>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.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i>.</p> <p>Mortgage Sale Agreement</p> <p>Representations and Warranties</p> <p>Loans</p> <p>(hh) 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;</p>	

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.

31	<u>STS Criteria</u> 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.	<u>Verified?</u> YES
	<u>PCS Comments</u> See Prospectus, <i>SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT</i> . Mortgage Sale Agreement Representations and Warranties Loans (j) at least one monthly payment due in respect of each Loan has been paid by the relevant Borrower as at the Cut-Off Date;	

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.

32	<u>STS Criteria</u> 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.	<u>Verified?</u> YES
	<u>PCS Comments</u> See Prospectus, <i>THE PORTFOLIO</i> . THE LOANS 2. 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: • 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.	

- 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, there must be plausible evidence (from the outset) that a suitable repayment mechanism is realistic and in place.

- Part and Part Loans: the Borrower is required to repay a portion of the principal amount of the Loan by making monthly payments of both interest and principal and to repay the remaining portion of the principal amount of the Loan in one lump sum when the Loan matures. For that portion of the Loan that is interest only there must be plausible evidence (from the outset) that a suitable repayment mechanism is realistic and in place.

See Prospectus,

3. Repayment Type

The following table shows the repayment terms for the Loans in the mortgage accounts in the Provisional Portfolio as at the Cut-Off Date. For a description of the various repayment terms the Seller offers, see "The Loans – Characteristics of the Loans – Repayment Terms".

Repayment Type

Interest Only [...]

Repayment [...]

Part & Part [...]

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.

33	<u>STS Criteria</u> 33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.	<u>Verified?</u> YES
	<u>PCS Comments</u> See Prospectus. Risk Retention Principality will retain, as originator, on an ongoing basis, a material net economic interest of not less than 5% in the securitisation in accordance with: (a) Article 6(1) of Regulation (EU) 2017/2402 as it forms part of domestic law by virtue of the EUWA , including any relevant binding technical standards, regulations, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto, as amended, restated or replaced from time to time (including by the Securitisation Regulations 2024, a statutory instrument made on 29 January 2024 under the Financial Services and Markets Act 2023 (the 2024 UK SR SI)) (the UK Securitisation Regulation) (such requirements, the UK Retention Requirements); and (b) Article 6(1) of Regulation (EU) 2017/2402, as amended (the EU Securitisation Regulation) (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) not taking into account any relevant national measures, as if the EU Securitisation Regulation were applicable to it, but solely as such articles are interpreted and applied on the Closing Date and until such time when Principality is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the UK Retention Requirements will also satisfy the EU Retention Requirements due to the application of an equivalence regime or similar analogous concept (the EU Retention Requirements). As at the Closing Date, such interest will be comprised of an interest in the Class B Notes in accordance with Article 6(3)(d) of the UK Securitisation Regulation and Article 6(3)(d) of the EU Securitisation Regulation. Prospective investors should note that the obligation of Principality to comply with the EU Retention Requirements is strictly contractual and Principality has elected to comply with such requirements in its discretion. See Prospectus, <i>REGULATORY REQUIREMENTS</i> . Risk Retention Principality will retain, as originator for purposes of the UK Securitisation Regulation (the Retention Holder), on an ongoing basis, a material net economic interest of not less than 5% in the securitisation described in this Prospectus in accordance with the UK Retention Requirements.	

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.

34	<u>STS Criteria</u> 34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.	<u>Verified?</u> YES
	<u>PCS Comments</u> See Prospectus, <i>STRUCTURAL FEATURES</i> .	

Interest Rate Swap Agreement

The interest rate on the Loans in the Portfolio is payable by reference, or linked, to the SVR and certain fixed rates. However, the interest rate payable by the Issuer with respect to the Notes is an amount calculated by reference to Compounded Daily SONIA.

To hedge against the possible variance between:

- (a) the various fixed rates of interest payable on the Fixed Rate Loans in the Portfolio; and
- (b) the floating rate of interest payable on the Notes,

the Issuer will, on or about the Closing Date, enter into an Interest Rate Swap Agreement with the Interest Rate Swap Provider. It is not intended that variances between the interest rate on Fixed Rate Loans in the Portfolio payable by reference to the SVR will be hedged under the Interest Rate Swap Agreement, or any other swap agreement. The Interest Rate Swap Transaction 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 Interest Rate Swap Transaction covers a major share of the interest rate risk present in the context of the Notes. [...]

See Prospectus, *REGULATORY REQUIREMENTS*.

Mitigation of interest rate risks

The Loans and the Notes are affected by the risk of mismatches in interest rates (see the sections "Risk Factors - Basis risk" in this Prospectus). The Issuer aims to hedge the relevant interest rate exposures in respect of the Loans and the Notes, as applicable, by entering into a swap agreement (see the section "Structural Features – Credit Enhancement and Liquidity Support – Interest Rate Swap Agreement" in this Prospectus) which appropriately mitigates the relevant risk.

See underlying transaction documents: Servicing Agreement.

5. Issuer Variable Rate

35

STS Criteria

35. Currency risks arising from the securitisation shall be appropriately mitigated.

Verified?**YES****PCS Comments**

See Prospectus, *TRANSACTION OVERVIEW – FULL CAPITAL STRUCTURE OF THE NOTES*.

Currency: GBP [for Class A and Class B Notes]

See Prospectus, *TERMS AND CONDITIONS OF THE NOTES*.

3. Form and Denomination

3.4 For so long as the Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in minimal amounts of £100,000 and integral multiples of £1,000 thereafter.

See Prospectus, *SALE OF THE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT*.

Mortgage Sale Agreement

Representations and Warranties

Loans

(c) each Loan was originated by the Seller in the ordinary course of business and was denominated in Sterling upon origination (and is still denominated in Sterling);

Both assets and liabilities are denominated in Sterling.

36

STS Criteria

36. Any measures taken to that effect shall be disclosed.

Verified?**YES****PCS Comments**

See Prospectus, *STRUCTURAL FEATURES*.

Interest Rate Swap Agreement

See Prospectus, *RISK FACTORS*.

Basis risk

See also point 34 above.

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.*

Information provided in the transaction documents indicate that interest rate risk has been appropriately mitigated.

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	STS Criteria 37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...	Verified? YES
	PCS Comments See Prospectus, <i>ISSUER</i> . 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	STS Criteria 38. ...Shall ensure that the pool of underlying exposures does not include derivatives.	Verified? YES
	PCS Comments See Prospectus, <i>THE PORTFOLIO</i> . Other Characteristics The Loans comprised in the Provisional Portfolio as at the Portfolio Cut-Off Date do not include: (a) any transferable securities for the purposes of Article 20(8) of the UK Securitisation Regulation; (b) any securitisation positions for the purposes of Article 20(9) of the UK Securitisation Regulation; or (c) any derivatives for the 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.	
39	STS Criteria 39. Those derivatives shall be underwritten and documented according to common standards in international finance.	Verified? YES
	PCS Comments See Prospectus, <i>STRUCTURAL FEATURES</i> . Interest Rate Swap Agreement Swap Credit Support Annex On or around the Closing Date, the Interest Rate Swap Provider will enter into a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) with the Issuer (each, a Swap Credit Support Annex) in support of the obligations of the Interest Rate Swap Provider under the Interest Rate Swap Agreement. See underlying transaction documents, Incorporated Terms Memorandum. SCHEDULE 1 MASTER DEFINITIONS SCHEDULE	

1. DEFINITIONS

Interest Rate Swap Agreement means the swap agreement between the Issuer and the Interest Rate Swap Provider thereunder dated on or about the Closing Date, consisting of an ISDA Master Agreement together with a Schedule thereto, a credit support annex and one confirmation documenting the Interest 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.

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.

40	STS Criteria	Verified? YES
	<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> <p>PCS Comments</p> <p><i>Liabilities</i></p> <p>See Prospectus.</p> <p>Interest Rate</p> <p>Compounded Daily SONIA+ Margin or Step-Up Margin, as applicable (<i>Class A Notes</i>)</p> <p>Compounded Daily SONIA + Margin (<i>Class B Notes</i>)</p> <p>Benchmarks</p> <p>Amounts payable under the Notes shall be calculated by reference to SONIA.</p> <p><i>Assets</i></p> <p>See Prospectus, <i>THE PORTFOLIO</i>.</p> <p>THE LOANS</p> <p>2. 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"> • Fixed Rate Loans: Loans subject to a fixed interest rate for a specified period of time and which at the expiration of that period convert to the SVR of the Seller, although the Seller may agree to further periods during which the rate is fixed by way of Product Switch during the life of the Loan. Fixed Rate Loans do not become Discount Rate Loans upon the expiration of the fixed rate period. 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. See "Early Repayment Charges" below. • 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 SVR of the Seller and which rate of interest will not decrease below 2 per cent. (or, for the avoidance of doubt, where the initial rate of the Loan is less than 2 per cent., such initial rate) for a set period of time but 	

more usually for the life of the Loan. At the end of the discounted period, generally the interest rate in respect of the Loans convert to the SVR of the Seller, although the Seller may agree to further periods during which a discounted rate is applied by way of Product Switch during the life of the 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. See "Early Repayment Charges" below.

- **Stepped Reversion Loans:** Fixed Rate Loans or Discount Rate Loans that will subsequently become discounted SVR loans at the end of the fixed rate or discounted rate period. The reversionary period depends on the length of the fixed rate or discounted rate period. The Seller sets the applicable discount to SVR at the time that the mortgage is originated.
- **Variable Rate Loans:** Loans subject to a rate of interest linked to the SVR, for the life of the Loan or until an alternative product that the Borrower qualifies for is selected by the Borrower. The SVR is set by the Seller by reference to the general level of interest rates and competitor rates in the UK mortgage market. Variable Rate Loans will not usually have an Early Repayment Charge.

[...]

Standard Variable Rate or SVR means the Seller's discretionary standard variable rate from time to time.

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 STS Criteria

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;

**Verified?
YES**

PCS Comments

See Prospectus, *CASHFLOWS AND CASH MANAGEMENT*.

APPLICATION OF AVAILABLE REVENUE RECEIPTS, AVAILABLE PRINCIPAL RECEIPTS AND OTHER MONIES OF THE ISSUER FOLLOWING THE SERVICE OF AN ENFORCEMENT NOTICE

The post-acceleration priority of payments indicates that no cash is trapped.

42	STS Criteria 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;	Verified? YES
	PCS Comments See Prospectus, <i>CASHFLOWS AND CASH MANAGEMENT</i> . APPLICATION OF AVAILABLE REVENUE RECEIPTS, AVAILABLE PRINCIPAL RECEIPTS AND OTHER MONIES OF THE ISSUER FOLLOWING THE SERVICE OF AN ENFORCEMENT NOTICE <i>Principal is paid sequentially under post-enforcement order of priority.</i>	
43	STS Criteria 43. (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and	Verified? YES
	PCS Comments See Prospectus, <i>CASHFLOWS AND CASH MANAGEMENT</i> . APPLICATION OF AVAILABLE REVENUE RECEIPTS, AVAILABLE PRINCIPAL RECEIPTS AND OTHER MONIES OF THE ISSUER FOLLOWING THE SERVICE OF AN ENFORCEMENT NOTICE <i>The priority of payments post-enforcement maintains repayment in line with seniority.</i>	
44	STS Criteria 44. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.	Verified? YES
	PCS Comments See Prospectus, <i>CERTAIN OTHER TRANSACTION DOCUMENTS</i> . Deed of Charge Post Enforcement Priority of Payments 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. See also underlying transaction documents, Deed of Charge. 11. Continuance of Security 11.3 UK Securitisation Regulation (Article 21(4)(d)) For the purposes of Article 21(4)(d) of the UK Securitisation Regulation, a provision of this Deed shall not require, upon the occurrence of an Event of Default, the automatic liquidation of any of the Charged Assets.	

16. Enforcement

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	<p>STS Criteria</p> <p>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.</p>	<p>Verified? YES</p>
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PCS Comments

Not applicable – the transaction does not feature non-sequential priority pr 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).

46	<p>STS Criteria</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>Verified? YES</p>
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PCS Comments

Not applicable – transaction does not feature a revolving period.

47	<p>STS Criteria</p> <p>47. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</p>	<p>Verified? YES</p>
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PCS Comments

Not applicable – transaction does not feature a revolving period.

48	STS Criteria 48. (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);	Verified? YES
	PCS Comments <i>Not applicable – transaction does not feature a revolving period.</i>	
49	STS Criteria 49. (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).	Verified? YES
	PCS Comments <i>Not applicable – transaction does not feature a revolving period.</i>	

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.

50	STS Criteria 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;	Verified? YES
	PCS Comments See Prospectus, <i>THE SERVICING AGREEMENT</i> . See Prospectus, <i>CERTAIN OTHER TRANSACTION DOCUMENTS</i> . DEED OF CHARGE, TRUST DEED, ACCOUNT BANK AGREEMENT, SWAP COLLATERAL SECURITIES ACCOUNT AGREEMENT, AGENCY AGREEMENT See also underlying transaction documents: Trust Deed, Servicing Agreement, Account Bank Agreement, Agency Agreement, Cash Management Agreement, Corporate Services Agreement, Deed of Charge, Swap Collateral Account (Securities) Agreement. <i>The obligations of the service providers, including servicer and trustee, are detailed in the transaction documentation.</i>	

51	<p>STS Criteria</p> <p>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</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>THE SERVICING AGREEMENT</i>.</p> <p>Removal or Resignation of a Servicer</p> <p>Back-Up Servicer Facilitator</p> <p>See also Prospectus, <i>TRANSACTION OVERVIEW – TRIGGERS TABLES</i>.</p> <p>Non-Rating Triggers Table</p> <p>Servicer Termination Event</p> <p>Consequence of Trigger</p> <p>A replacement servicer will replace the Servicer and shall provide the servicing services in accordance with any replacement servicing agreement as replacement Servicer.</p> <p>See underlying transaction documents: Servicing Agreement.</p> <p>19. Termination</p> <p>19.1 [...]Upon termination of the appointment of the Society as Servicer under this Agreement due to the occurrence of a Servicer Termination Event under Clause 19.1(a) or 19.1(b), the Issuer and the Seller shall use their reasonable endeavours to appoint a substitute servicer that satisfies the conditions set forth in Clauses 19.2(c), 19.2(d) and 19.2(e) and, upon termination following the occurrence of a Servicer Insolvency Event in relation to the Society under Clause 19.1(c), the provisions of Clause 19.14 shall apply.</p> <p>20 Back-up Servicer Facilitator</p> <p><i>The transaction documents specify the processes and responsibilities that enable the replacement of the servicer in an event of default or insolvency of the servicer.</i></p>	
52	<p>STS Criteria</p> <p>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.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>STRUCTURAL FEATURES</i>.</p> <p>Interest Rate Swap Agreement</p> <p>Replacement of the Interest Rate Swap Agreement</p> <p>Replacement upon early termination</p>	

If on or prior to the date of the earlier of either (a) the reduction of the aggregate Principal Amount Outstanding of the Notes being equal to zero; or (b) the service of an Enforcement Notice, the Interest Rate Swap Transaction is terminated, then the Cash Manager (on behalf of the Issuer) shall (subject to the Issuer having sufficient funds to purchase the requisite replacement swap transaction as set out below) procure that the Issuer enters into a replacement Interest Rate Swap Transaction with a replacement Interest Rate Swap Provider against the possible variance between (i) certain fixed rates payable on the Fixed Rate Loans in the Portfolio and (ii) Compounded Daily SONIA, on terms acceptable to the Issuer and in compliance with any requirement set out in the Interest Rate Swap Transaction to be replaced.

See underlying transaction documents, Cash Management Agreement.

6. Termination of the Interest Rate Swap Agreement

6.1 If on or prior to the date of the earlier of either (a) the reduction of the aggregate Principal Amount Outstanding of the Notes is equal to zero; or (b) the service of an Enforcement Notice, any Swap Transaction is terminated, then the Cash Manager (on behalf of the Issuer) shall procure that the Issuer enters into a replacement Swap Transaction with a replacement Interest Rate Swap Provider against the possible variance between (in respect of the Interest Rate Swap Agreement) (i) certain fixed rates payable in respect of Fixed Rate Loans in the Portfolio; and (ii) Compounded Daily SONIA, on terms acceptable to the Issuer and in compliance with any requirement set out in the Interest Rate Swap Agreement to be replaced. The Cash Manager shall, at the relevant time, apply amounts credited or to be credited to the Swap Collateral Account(s) relating to the Interest Rate Swap Agreement for such purpose in accordance with the relevant Swap Collateral Account Priority of Payments.

See Prospectus, *CERTAIN OTHER TRANSACTION DOCUMENTS*.

ACCOUNT BANK AGREEMENT

See underlying transaction documents: Account Bank Agreement.

11. Replacement and Termination

The transactions documents clearly specify the provision for replacement of derivative counterparties and the account bank in the case of their default, insolvency or other events.

Article 21.8. 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	<u>STS Criteria</u>	<u>Verified?</u> YES
	<p>53. The servicer shall have expertise in servicing exposures of a similar nature to those securitised</p>	
<u>PCS Comments</u>		
<p>See Prospectus, <i>THE SERVICER</i>.</p> <p>Principality is an entity which is subject to prudential, capital and liquidity regulation in the United Kingdom and it has regulatory authorisation and permissions which are relevant to the provision of servicing in relation to the loans comprising the Portfolio and other loans originated by Principality which are not sold to the Issuer. Principality has significantly more than five years of experience in the servicing of loans similar to those included in the Portfolio.</p> <p><i>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.</i></p>		

54	STS Criteria		Verified?
	54. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.		YES
PCS Comments			
See Prospectus, <i>THE SERVICER</i> .			
Principality is an entity which is subject to prudential, capital and liquidity regulation in the United Kingdom and it has regulatory authorisation and permissions which are relevant to the provision of servicing in relation to the loans comprising the Portfolio and other loans originated by Principality which are not sold to the Issuer. Principality has significantly more than five years of experience in the servicing of loans similar to those included in the Portfolio.			
<i>The EBA Guidelines specify that this criterion should be considered to have the requisite elements of the criterion if it is a prudentially regulated financial institution. If it is not though, a full analysis of its procedures would need to be conducted. Principality is a prudentially regulated financial institution.</i>			

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

55	STS Criteria		Verified?
	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.		YES
PCS Comments			
See Prospectus, <i>THE SERVICER</i> .			
Arrears and Default Procedures			
Delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, chargeoffs, recoveries and other asset performance remedies and actions are defined in accordance with Principality's procedures and servicing and enforcement policies as they apply to the Loans from time to time. A Loan is considered delinquent when 2 months in arrears and in default when 6 months in arrears.			
Approach to Arrears Management			
See also Prospectus, <i>THE PORTFOLIO</i> .			

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	STS Criteria 56. The transaction documentation shall clearly specify the priorities of payment,	Verified? YES
	PCS Comments See Prospectus, <i>CASHFLOWS AND CASH MANAGEMENT</i> . APPLICATION OF REVENUE RECEIPTS PRIOR TO SERVICE OF AN ENFORCEMENT NOTICE APPLICATION OF PRINCIPAL RECEIPTS PRIOR TO SERVICE OF AN ENFORCEMENT NOTICE APPLICATION OF AVAILABLE REVENUE RECEIPTS, AVAILABLE PRINCIPAL RECEIPTS AND OTHER MONIES OF THE ISSUER FOLLOWING THE SERVICE OF AN ENFORCEMENT NOTICE See also underlying transaction documents, Cash Management Agreement, Deed of Charge.	
57	STS Criteria 57. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.	Verified? YES
	PCS Comments See Prospectus, <i>CASHFLOWS AND CASH MANAGEMENT</i> . APPLICATION OF AVAILABLE REVENUE RECEIPTS, AVAILABLE PRINCIPAL RECEIPTS AND OTHER MONIES OF THE ISSUER FOLLOWING THE SERVICE OF AN ENFORCEMENT NOTICE See Prospectus, TRANSACTION OVERVIEW – OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS Following an Event of Default: Following the occurrence of an Event of Default which is continuing, the Trustee may and shall if so requested in writing by the holders of at least 25% of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding, deliver an Enforcement Notice to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding. See Prospectus, <i>TERMS AND CONDITIONS OF THE NOTES</i> . 13. Events of Default See Prospectus, <i>TRANSACTION OVERVIEW – OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES</i> . Events of Default: As fully set out in Condition (Events of Default), which broadly includes: (a) non-payment by the Issuer of principal in respect of the Most Senior Class of Notes within seven days following the due date or non-payment by the Issuer of interest within 14 days following the due date (provided that, for the avoidance of doubt, a deferral of interest in respect of the Class B Notes in accordance with Condition 8.10 (Interest Accrual) shall not constitute a default in the payment of such interest); (b) breach of contractual obligations by the Issuer under the Transaction Documents which are incapable of remedy or which are, if capable of remedy, not remedied within 30 days;	

	(c) Issuer Insolvency Event; or (d) it being illegal for the Issuer to perform or comply with its obligations.	
58	STS Criteria 58. The transaction documentation shall clearly specify the obligation to report such events.	Verified? YES
	PCS Comments See Prospectus, <i>CASHFLOWS AND CASH MANAGEMENT</i> . 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	STS Criteria 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.	Verified? YES
	PCS Comments See Prospectus, <i>CASHFLOWS AND CASH MANAGEMENT</i> . 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.		
60	STS Criteria 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	Verified? YES
	PCS Comments See Prospectus, <i>TRANSACTION OVERVIEW – OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS</i> . Prior to an Event of Default: Following an Event of Default: Noteholders Meeting provisions:	

See Prospectus, *TERMS AND CONDITIONS OF THE NOTES*.

16. Meetings of Noteholders

See underlying transaction documents, Trust Deed.

SCHEDULE 3

Provisions for Meetings of Noteholders

See underlying transaction documents, Incorporated Terms Memorandum.

SCHEDULE 1

MASTER DEFINITIONS SCHEDULE

1. DEFINITIONS

Extraordinary Resolution means (i) a resolution passed at a Meeting duly convened and held in accordance with the Provisions for Meetings of Noteholders by a majority of not less than 75 per cent. of the votes cast, (ii) a Written Resolution or (iii) consent given by way of Electronic Consents by or on behalf of the Noteholders of not less than 75 per cent. in aggregate Principal Amount Outstanding of the Notes then outstanding.

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.

(a) the method for calling meetings; as for method: Prospectus (Prior to an Event of Default; Following an Event of Default;), Trust Deed, 5.; (b) the maximum timeframe for setting up a meeting: Prospectus (Noteholders Meeting provisions: Notice period;), Trust Deed, 6.; (c) the required quorum: Prospectus (Noteholders Meeting provisions: Quorum;), Trust Deed, 8; (d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision: Prospectus (Noteholders Meeting provisions: Required majority for Extraordinary Resolution; Written Resolution;), Trust Deed, Incorporated Terms Memorandum; (e) where applicable, a location for the meetings which should be in the UK: Prospectus (Noteholders Meeting provisions: Time and location;), Trust Deed, 6.

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

STS Criteria

61. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.

Verified?**YES**

PCS Comments

See Prospectus, *CERTAIN OTHER TRANSACTION DOCUMENTS*.

DEED OF CHARGE, TRUST DEED

See underlying transaction documents: Trust Deed, Deed of Charge.

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	STS Criteria	Verified? YES
	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,	
	PCS Comments	
	See Prospectus, <i>HISTORICAL AMORTISATION RATES OF PRINCIPALITY BUILDING SOCIETY PRIME MORTGAGE LOANS</i> .	
	Static and dynamic historical performance data in relation to loans originated by Principality will be made available on the Reporting Websites. Such information will cover the period from January 2012. The loans which are included in such data are originated under and serviced in accordance with the same policies and procedures as the Loans comprising the Portfolio and, as such, it is expected that the performance of such loans, over a period of four years, would not be significantly different to the performance of the Loans in the Portfolio.	
	See Prospectus, <i>STATIC POOL INFORMATION</i> .	
	The tables in the following pages set out, to the extent material, static pool information with respect to all mortgage loans originated by the Seller. The tables show the distribution of loans designated as prime by the Seller by delinquency category as at each year end.	
	The information in the following tables has been sourced and extracted from the systems of the Seller/Servicer. The loans which are included in the tables below are originated under and serviced in accordance with substantially the same policies and procedures as the Loans in the Portfolio. In the following tables, delinquency category corresponds to the number of monthly contractual repayment amounts in arrears. Delinquency rates represent the closing balances of loans in a particular category as a percentage of aggregate closing balances.	
63	STS Criteria	Verified? YES
	63. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.	
	PCS Comments	
	See comment 62 above.	
64	STS Criteria	Verified? YES
	64. Those data shall cover a period no shorter than five years.	
	PCS Comments	
	See comment 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	STS Criteria 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,	Verified? YES
	PCS Comments See Prospectus, <i>REGULATORY REQUIREMENTS</i> . Verification of data The Seller has caused a sample of the Loans (including the data disclosed in respect of those Loans) to be externally verified by one or more appropriate and independent third parties. Such Loans have been subject to an agreed upon procedures review of a representative sample of Loans selected from the Provisional Portfolio as at the Portfolio Cut-Off Date the Loan Warranties (where applicable) conducted by a third party and completed on or about 9 March 2024. An appropriate and independent third party has verified that the tables disclosed under the section "The Portfolio – The Loans – Other Characteristics" of this Prospectus in respect of the underlying exposures are accurate. Such appropriate and independent third party has also reviewed the conformity of Loans in the Provisional Portfolio against the Loan Warranties (where applicable). The Seller has reviewed such reports and is of the opinion that there were no significant adverse findings in such reports. <i>PCS has reviewed the report on "agreed upon procedures" (AUP) commonly known as a "pool audit". PCS can confirm that this was done by an independent third party.</i>	
66	STS Criteria 66. Including verification that the data disclosed in respect of the underlying exposures is accurate.	Verified? YES
	PCS Comments See comment 65 above.	

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.

67	STS Criteria 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.	Verified? YES
	PCS Comments See Prospectus, <i>TRANSACTION OVERVIEW – OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS</i> . Provision of Information to the Noteholders:	

Principality (as originator) will procure on demand that the Cash Manager will make available, from the Closing Date until the date the last Note is redeemed in full, a liability cashflow model (the Cashflow Model) to investors, either directly or indirectly through one or more entities which provide such Cashflow Models, which precisely represents the contractual relationship between the Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer. The Cashflow Model shall be made available (i) prior to pricing of the Notes to potential investors, and (ii) on an ongoing basis and to investors in the Notes and to potential investors in the Notes upon request.

Each UK SR Quarterly Report and UK SR Loan Level Information will be published on <https://www.secrep.co.uk/>, being a securitisation repository in accordance with Article 10 of the UK Securitisation Regulation as required by Article 7(2) of the UK Securitisation Regulation, or any other website which may be notified by the Issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation (the UK Reporting Website).

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 and Article 7 of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to the Issuer and Principality) was made available by means of the Reporting Websites.

See underlying transaction documents, Cash Management Agreement.

8.5 Information Covenants

8.5.7 The Cash Manager shall procure that a liability cashflow model which precisely represents the contractual relationship between the Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer shall be made available (via the Reporting Websites) (i) prior to pricing of the Notes to potential investors and (ii) on an ongoing basis.

See underlying transaction documents, Incorporated Terms Memorandum.

SCHEDULE 1

Master Definitions Schedule

1. Definitions

Reporting Websites means the EU Reporting Website and the UK Reporting Website and each a Reporting Website.

UK Reporting Website means <https://www.secrep.co.uk/>, being a securitisation repository in accordance with Article 10 of the UK Securitisation Regulation as required by Article 7(2) of the UK Securitisation Regulation, or any other website which may be notified by the Issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation.

68

STS Criteria

68. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.

Verified?**YES**

PCS Comments

See Prospectus, *TRANSACTION OVERVIEW – OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS*.

Provision of Information to the Noteholders:

Principality (as originator) will procure on demand that the Cash Manager will make available, from the Closing Date until the date the last Note is redeemed in full, a liability cashflow model (the Cashflow Model) to investors, either directly or indirectly through one or more entities which provide such Cashflow Models, which precisely represents the contractual relationship between the Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer. The Cashflow Model shall be made available (i) prior to pricing of the Notes to potential investors, and (ii) on an ongoing basis and to investors in the Notes and to potential investors in the Notes upon request.

See also comment 67 above.

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).

69	<p>STS Criteria</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>	Verified? YES
	<p>PCS Comments</p> <p>See Prospectus, <i>STATISTICAL INFORMATION ON THE PORTFOLIO</i>.</p> <p>15. Environmental Performance</p> <p>As at the Cut-Off Date, the administrative records of Principality do not contain any information related to the environmental performance of the property securing the Loans.</p> <p><i>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. 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.</i></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.

70	<p>STS Criteria</p> <p>70. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.</p>	Verified? YES
	<p>PCS Comments</p> <p>See Prospectus, <i>REGULATORY REQUIREMENTS</i>.</p> <p>Transparency and Reporting</p> <p>For the purposes of Article 7(2) of the UK Securitisation Regulation, Principality, as originator, has been designated as the reporting entity (the UK Reporting Entity) and, as the UK Reporting Entity, it will fulfil the requirements of Article 7 of the UK Securitisation Regulation either itself or shall procure that such requirements are fulfilled on its behalf.</p> <p>The UK Reporting Entity has undertaken in the Subscription Agreement that it will procure that certain information and reports, as more fully set out in the section entitled "Listing and General Information," are published with the frequency and in the manner set out in such section.</p>	

It should be noted that, subject to certain conditions, the UK Reporting Entity has contractually agreed to provide (or to procure the provision of) certain information and reports required pursuant to Article 7 of the EU Securitisation Regulation, as if such requirements were applicable to it. Such reports will be made available on the EU Reporting Website. Principality 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.

71	STS Criteria	Verified?
	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.	YES
	<p>PCS Comments</p> <p>See Prospectus, <i>TRANSACTION OVERVIEW – OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS</i>.</p> <p>Provision of Information to the Noteholders:</p> <p>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 and Article 7 of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to the Issuer and Principality) was made available by means of the Reporting Websites.</p> <p>See Prospectus, <i>LISTING AND GENERAL INFORMATION</i>.</p> <p>(I) 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 and Article 7 of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to Principality) was made available by means of the Reporting Websites. Principality has 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/stssecrifications). 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 Websites.</p> <p>See underlying transaction documents, Incorporated Terms Memorandum.</p> <p>SCHEDULE 1</p> <p>MASTER DEFINITIONS SCHEDULE</p> <p>1. DEFINITION</p> <p>Reporting Website means:</p> <p>Reporting Websites means the EU Reporting Website and the UK Reporting Website and each a Reporting Website.</p> <p>UK Reporting Website means https://www.secrep.co.uk/, being a securitisation repository in accordance with Article 10 of the UK Securitisation Regulation as required by Article 7(2) of the UK Securitisation Regulation, or any other website which may be notified by the Issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation.</p>	

72	STS Criteria	Verified? YES
	<p>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.</p> <p>PCS Comments</p> <p>See Prospectus, <i>TRANSACTION OVERVIEW – OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS</i>.</p> <p>Provision of Information to the Noteholders:</p> <p>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 and Article 7 of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to the Issuer and Principality) was made available by means of the Reporting Websites.</p> <p>See Prospectus, <i>LISTING AND GENERAL INFORMATION</i>.</p> <p>(l) 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 and Article 7 of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to Principality) was made available by means of the Reporting Websites.</p> <p>See underlying transaction documents, Incorporated Terms Memorandum.</p> <p>SCHEDULE 1</p> <p>Master Definitions Schedule</p> <p>1. Definitions</p> <p>Reporting Websites means the EU Reporting Website and the UK Reporting Website and each a Reporting Website.</p> <p>UK Reporting Website means https://www.secrep.co.uk/, being a securitisation repository in accordance with Article 10 of the UK Securitisation Regulation as required by Article 7(2) of the UK Securitisation Regulation, or any other website which may be notified by the Issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation.</p>	

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	Verified? YES
	<p>73. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.</p> <p>PCS Comments</p> <p>See Prospectus, <i>CASHFLOWS AND CASH MANAGEMENT</i>.</p> <p>CASH MANAGEMENT AGREEMENT</p> <p>Investor Reports and information</p> <p>Reporting under the UK Securitisation Regulation and EU Securitisation Regulation</p>	

Principality (as originator) will procure that the Cash Manager will:

(d) within 15 days of the issuance of the Notes, make available via the Reporting Websites, copies of the Transaction Documents, the UK STS Notification and this Prospectus.

The Cash Manager will make the information referred to in this section headed "Reporting under the UK Securitisation Regulation and EU Securitisation Regulation" available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes.

See Prospectus, *LISTING AND GENERAL INFORMATION*.

(i) Principality will procure that the Cash Manager will:

(iv) within 15 days of the issuance of the Notes, make available via the Reporting Websites, copies of the Transaction Documents, the UK STS Notification and this Prospectus.

See underlying transaction documents, Incorporated Terms Memorandum.

SCHEDULE 1

MASTER DEFINITIONS SCHEDULE

1. DEFINITIONS

Reporting Websites means the EU Reporting Website and the UK Reporting Website and each a Reporting Website.

UK Reporting Website means <https://www.secrep.co.uk/>, being a securitisation repository in accordance with Article 10 of the UK Securitisation Regulation as required by Article 7(2) of the UK Securitisation Regulation, or any other website which may be notified by the Issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation.

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.

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;

74 **STS Criteria**

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:

(a) information on the underlying exposures on a quarterly basis,

Verified?
YES

PCS Comments

See Prospectus, *CASHFLOWS AND CASH MANAGEMENT*.

CASH MANAGEMENT AGREEMENT

Investor Reports and information

Reporting under the UK Securitisation Regulation and EU Securitisation Regulation

Principality (as originator) will procure that the Cash Manager will:

(b) 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 and Article 7(1)(a) of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to Principality);

The Cash Manager will make the information referred to in this section headed "Reporting under the UK Securitisation Regulation and EU Securitisation Regulation" available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes. The information referred to in paragraphs (a) and (b) above shall be made available simultaneously not later than one month after the relevant Interest Payment Date.

See Prospectus, *LISTING AND GENERAL INFORMATION*.

(i) Principality will procure that the Cash Manager will:

(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 and 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 EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to Principality) (subject to, in the event of any amendments or changes to the EU Reporting Requirements taking effect after the Closing Date, the ability of Principality to elect not to comply with the EU Reporting Requirements as so amended or changed);

See Prospectus, *TRANSACTION OVERVIEW – OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS*.

Provision of Information to the Noteholders:

For so long as the Notes remain outstanding, the Cash Manager on behalf of the Issuer will publish [...]

(a) (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;

The Cash Manager will make such information available to the holders of any of the Notes, relevant competent authorities and to potential investors in the Notes.

Certain criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.

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 guarantees 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 guarantees 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 Prospectus, *CASHFLOWS AND CASH MANAGEMENT*.

CASH MANAGEMENT AGREEMENT

Investor Reports and information

Reporting under the UK Securitisation Regulation and EU Securitisation Regulation

Principality (as originator) will procure that the Cash Manager will:

(d) within 15 days of the issuance of the Notes, make available via the Reporting Websites, copies of the Transaction Documents, the UK STS Notification and this Prospectus.

The Cash Manager will make the information referred to in this section headed "Reporting under the Securitisation Regulation" available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes.

See Prospectus, *LISTING AND GENERAL INFORMATION*.

(i) Principality will procure that the Cash Manager will:

(iv) within 15 days of the issuance of the Notes, make available via the Reporting Websites, copies of the Transaction Documents, the UK STS Notification and this Prospectus.

See underlying transaction documents, Incorporated Terms Memorandum.

Schedule 1 – Master Definitions Schedule

1.Definitions

Transaction Documents means the Account Bank Agreement, the Servicing Agreement, the Agency Agreement, the Cash Management Agreement, the Corporate Services Agreement, the Deed of Charge (and any documents entered into pursuant to the Deed of Charge), the Interest Rate Swap Agreement, the Incorporated Terms Memorandum, the Mortgage Sale Agreement, the Seller Security Power of Attorney, the Subordinated Loan Agreement, the Swap Collateral Securities Account Agreement, the Trust Deed, the Collection Account Accession Undertaking, the Citi Fee Letter, the Corporate Services Provider Fee Letter and such other related documents which are referred to in the terms of the above documents, and any other document entered into by one or more Transaction Parties which is designated as a Transaction Document with the consent of the Trustee, the Issuer and the Seller.

Certain criteria from 73 onwards are future event criteria, as to which we refer you to PCS’ comment under point 73 above.

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

76

STS Criteria

76. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;

Verified?

YES

PCS Comments

See Prospectus, *CASHFLOWS AND CASH MANAGEMENT*.

See underlying transaction documents: Cash Management Agreement, Deed of Charge.

Certain criteria from 73 onwards are future event criteria, as to which we refer you to PCS’ comment under point 73 above.

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 authorities 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)¹ 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) 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.

Certain criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.

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 authorities 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 Prospectus.

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

Simple, Transparent and Standardised Securitisation

On or about the Closing Date, it is intended that a notification will be submitted to the FCA by Principality, as originator, in accordance with Article 27 of the UK Securitisation Regulation, confirming that the requirements of Articles 18-22 of the UK Securitisation Regulation (the UK STS Requirements) have been satisfied with respect to the Notes (such notification, the UK STS Notification).

The short-form (anonymised) particulars of the UK STS Notification, once notified to the FCA, will be available for download on the FCA Register of Securitisation STS Notifications at <https://data.fca.org.uk/#/sts/stssecuritisations> (or its successor website) (the FCA STS Register website). For the avoidance of doubt, the FCA STS Register website and the contents thereof do not form part of this Prospectus. Please also refer to the Reporting Websites for the final full form of the UK STS Notification.

See Prospectus, *RISK FACTORS*.

Simple, Transparent and Standardised Securitisations

It is intended that a UK STS Notification will be submitted to the FCA by Principality, as originator. The UK STS Notification, once notified to the FCA, will be made available on the Reporting Websites, with the short-form (anonymised) particulars of such UK STS Notification being made available on the FCA STS Register website.

See Prospectus, *LISTING AND GENERAL INFORMATION*.

(i) Principality will procure that the Cash Manager will:

(iv) within 15 days of the issuance of the Notes, make available via the Reporting Websites, copies of the Transaction Documents, the UK STS Notification and this Prospectus.

(j) The Cash Manager will make the information referred to in this section available to the holders of any of the Notes, relevant competent authorities and to potential investors in the Notes. The information referred to in paragraphs (i) and (ii) above shall be made available simultaneously not later than one month after the relevant Interest Payment Date.

(l) [...] Principality has 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](https://data.fca.org.uk/#/sts/stssecuritisations)).

Certain criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.

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 authorities 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 Prospectus, *TRANSACTION OVERVIEW – OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS*.

Provision of Information to the Noteholders:

For so long as the Notes remain outstanding, the Cash Manager on behalf of the Issuer will publish:

(a) (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; and

The Cash Manager will make such information available to the holders of any of the Notes, relevant competent authorities and to potential investors in the Notes.

See Prospectus, *CASHFLOWS AND CASH MANAGEMENT*.

CASH MANAGEMENT AGREEMENT

Investor Reports and information

Reporting under the UK Securitisation Regulation and EU Securitisation Regulation

Principality (as originator) will procure that the Cash Manager will:

(a) 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 and Article 7(1)(e) of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to Principality);

Such reports and information shall be published by means of the Reporting Websites.

See Prospectus, *LISTING AND GENERAL INFORMATION*.

(i) Principality 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 and a quarterly investor report in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to Principality) (subject to, in the event of any amendments or changes to the EU Reporting Requirements taking effect after the Closing Date, the ability of Principality to elect not to comply with the EU Reporting Requirements as so amended or changed);

(j) The Cash Manager will make the information referred to in this section available to the holders of any of the Notes, relevant competent authorities and to potential investors in the Notes. The information referred to in paragraphs (i) and (ii) above shall be made available simultaneously not later than one month after the relevant Interest Payment Date.

Certain criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.

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 authorities 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;

80

STS Criteria

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;

Verified?
YES

PCS Comments

See Prospectus, *CASHFLOWS AND CASH MANAGEMENT*.

CASH MANAGEMENT AGREEMENT

Investor Reports and information

Reporting under the UK Securitisation Regulation and EU Securitisation Regulation

Principality (as originator) will procure that the Cash Manager will:

(c) publish any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation and Articles 7(1)(f) or 7(1)(g) of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to Principality) without delay (subject to, in the event of any amendments or changes to the EU Reporting Requirements taking effect after the Closing Date, the ability of Principality to elect not to comply with the EU Reporting Requirements as so amended or changed). Such information will also be made available, on request, to potential holders of the Notes;

Such reports and information shall be published by means of the Reporting Websites.

See Prospectus, *LISTING AND GENERAL INFORMATION*.

(i) Principality 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 and Articles 7(1)(f) or 7(1)(g) of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to Principality) without delay (subject to, in the event of any amendments or changes to the EU Reporting Requirements taking effect after the Closing Date, the ability of Principality to elect not to comply with the EU Reporting Requirements as so amended or changed). Such information will also be made available, on request, to potential holders of the Notes;

Certain criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.

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 authorities 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 authorities have 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 comment 80 above.

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]

82

STS Criteria

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]

Verified?**YES****PCS Comments**

See Prospectus, *TRANSACTION OVERVIEW – OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS*.

Provision of Information to the Noteholders:

For so long as the Notes remain outstanding, the Cash Manager on behalf of the Issuer will publish:

(a) (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; and

See Prospectus, *CASHFLOWS AND CASH MANAGEMENT*.

CASH MANAGEMENT AGREEMENT

Investor Reports and information

Reporting under the UK Securitisation Regulation and EU Securitisation Regulation

Principality (as originator) will procure that the Cash Manager will:

(a) 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 and Article 7(1)(e) of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to Principality);

(b) 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 and Article 7(1)(a) of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to Principality);

The information referred to in paragraphs (a) and (b) above shall be made available simultaneously not later than one month after the relevant Interest Payment Date.

See Prospectus, *LISTING AND GENERAL INFORMATION*.

(i) Principality 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 and a quarterly investor report in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to Principality) (subject to, in the event of any amendments or changes to the EU Reporting Requirements taking effect after the Closing Date, the ability of Principality to elect not to comply with the EU Reporting Requirements as so amended or changed);

(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 and 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 EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to Principality) (subject to, in the event of any amendments or changes to the EU Reporting Requirements taking effect after the Closing Date, the ability of Principality to elect not to comply with the EU Reporting Requirements as so amended or changed);

(j) The Cash Manager will make the information referred to in this section available to the holders of any of the Notes, relevant competent authorities and to potential investors in the Notes. The information referred to in paragraphs (i) and (ii) above shall be made available simultaneously not later than one month after the relevant Interest Payment Date.

Certain criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.

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.
 Competent authorities referred to in Article 29 shall be able to request the provision of such confidential information to them in order to fulfil their duties under this Regulation.

83	<p>STS Criteria</p> <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>Verified? YES</p>
	<p>PCS Comments</p> <p><i>See point 80 above.</i></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 where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.

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

See Prospectus, *REGULATORY REQUIREMENTS*.

Transparency and Reporting

For the purposes of Article 7(2) of the UK Securitisation Regulation, Principality, as originator, has been designated as the reporting entity (the UK Reporting Entity) and, as the UK Reporting Entity, it will fulfil the requirements of Article 7 of the UK Securitisation Regulation either itself or shall procure that such requirements are fulfilled on its behalf.

See Prospectus, *TRANSACTION OVERVIEW – OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS*.

Provision of Information to the Noteholders:

Each UK SR Quarterly Report and UK SR Loan Level Information will be published on <https://www.secrep.co.uk/>, being a securitisation repository in accordance with Article 10 of the UK Securitisation Regulation as required by Article 7(2) of the UK Securitisation Regulation, or any other website which may be notified by the Issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation (the UK Reporting Website).

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 and Article 7 of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to the Issuer and Principality) was made available by means of the Reporting Websites.

See Prospectus, *LISTING AND GENERAL INFORMATION*.

(k) Principality and the Issuer will procure that 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 Principality's website and by means of the Reporting Websites. For the avoidance of doubt, these websites and the contents thereof do not form part of this Prospectus. Principality will make the information referred to above available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes.

(l) 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 and Article 7 of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to Principality) was made available by means of the Reporting Websites. Principality has 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 Websites.

See Prospectus, *CASHFLOWS AND CASH MANAGEMENT*.

CASH MANAGEMENT AGREEMENT

Investor Reports and information

Reporting under the UK Securitisation Regulation and EU Securitisation Regulation

[...] Such reports and information shall be published by means of the Reporting Websites.

The Cash Manager will make the information referred to in this section headed "Reporting under the UK Securitisation Regulation and EU Securitisation Regulation" available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes.

See underlying transaction documents, Incorporated Terms Memorandum.

SCHEDULE 1

MASTER DEFINITIONS SCHEDULE

1. DEFINITIONS

Reporting Websites means the EU Reporting Website and the UK Reporting Website and each a Reporting Website.

UK Reporting Website means <https://www.secrep.co.uk/>, being a securitisation repository in accordance with Article 10 of the UK Securitisation Regulation as required by Article 7(2) of the UK Securitisation Regulation, or any other website which may be notified by the Issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation.

Certain criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.

85

STS Criteria

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.

Verified?
YES

PCS Comments

See point 84 above.

Certain criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.