

## BOWBELL NO.3 PLC

(incorporated in England and Wales with limited liability under registered number 15147978)

Notes	Initial Principal Amount	Issue Price	Interest Reference Rate	Initial Margin/Step-Up Margin	Step-Up Date	Optional Call Date	Pre-Call Date / Post-Call Date Redemption Profile	Final Maturity Date	Ratings (Fitch/Moody's/DBRS)
Class A	GBP 350,000,000	100%	SONIA	0.58% per annum / 0.87% per annum	16 April 2028	16 April 2028	Pass through amortisation	16 July 2065	AAAsf/ AAA(sf)
Class Z	GBP 33,056,000	100%	SONIA	0% per annum/N/A	N/A	16 April 2028	Pass through amortisation	16 July 2065	Not Rated

<b>Issue Date</b>	The Issuer expects to issue the Notes in the classes set out above on 14 November 2023 (the "Closing Date").
<b>Underlying Assets</b>	The Issuer will make payments on the Notes from, inter alia, payments of principal and revenue received from a portfolio comprising mortgage loans secured over residential properties located in England and Wales originated by Bank of Ireland (UK) plc ("BOIUK") and which will be purchased by the Issuer on the Closing Date. Please refer to the Section entitled " <i>The Mortgage Portfolio</i> " for further information.
<b>Stand-alone/ programme issuance</b>	Stand-alone issuance.
<b>Credit Enhancement</b>	<b><u>Credit Enhancement Features for the Class A Notes</u></b> <ul style="list-style-type: none"> <li>• Subordination of Class Z Notes</li> <li>• General Reserve Fund.</li> <li>• Excess Available Revenue (on and following the Step-Up Date).</li> </ul> <p>* Including use of excess Available Revenue (on and following the Step-Up Date) to make principal payments on the Class A Notes prior to payment of Class Z interest.</p> <p>See the section entitled "<i>Key Structural Features</i>" for more information on which credit enhancement features are available for each class of Notes.</p>
<b>Liquidity Support</b>	<b><u>Liquidity Support Features for the Class A Notes</u></b> <ul style="list-style-type: none"> <li>• General Reserve Fund applied to make up Revenue Shortfall.</li> <li>• Available Principal applied to make up Remaining Revenue Shortfall.</li> </ul> <p>See the section entitled "<i>Key Structural Features</i>" for more information.</p>
<b>Redemption Provisions</b>	Information on any optional or mandatory redemption of the Notes is summarised on page 50 ( <i>Overview of the Terms and Conditions of the Notes</i> ) and set out in full in Condition 9 ( <i>Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation</i> ).
<b>Credit Rating Agencies</b>	UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under Regulation (EC) No. 1060/2009, as amended, of the European Parliament and of the Council of 16 September 2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) (the " <b>UK CRA Regulation</b> ")  In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Community and registered under Regulation (EC) No. 1060/2009, as amended, of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the " <b>EU CRA Regulation</b> ").  Each of Moody's Investors Service Limited (" <b>Moody's</b> "), Fitch Ratings Ltd. (" <b>Fitch</b> ") and DBRS Ratings Limited (" <b>DBRS</b> ") is established in the UK and is registered under the UK CRA Regulation. Moody's, Fitch and DBRS are not established in the European Union and have not applied for registration under the EU CRA Regulation. The ratings issued by Moody's, Fitch and DBRS have been endorsed by Moody's Deutschland GmbH, Fitch Ratings Ireland Limited and DBRS Ratings GmbH, respectively, in accordance with the EU CRA Regulation. Each of Moody's Deutschland GmbH, Fitch Ratings Ireland Limited and DBRS Ratings GmbH is included in the list of credit rating agencies published by the ESMA on its website (at <a href="https://www.esma.europa.eu/supervision/credit-rating-agencies/risk">https://www.esma.europa.eu/supervision/credit-rating-agencies/risk</a> ) in accordance with the EU CRA Regulation.
<b>Credit Ratings</b>	Ratings are expected to be assigned to the Class A Notes as set out above on or before the Closing Date.  The ratings assigned by Fitch and DBRS address the likelihood of: (a) timely payment of interest due to the Noteholders on each Interest Payment Date; and (b) full payment of principal due to Noteholders by a date that is not later than the Final Maturity Date. The ratings assigned by Moody's address the expected loss to a Noteholder in proportion to the initial principal amount of the class of Notes held by the Noteholder by the Final Maturity Date.  <b>The assignment of ratings to the Class A Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Class A Notes may be revised or withdrawn at any time.</b>

<b>Listing</b>	<p>This Prospectus constitutes a prospectus ("<b>Prospectus</b>") for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) ("<b>EUWA</b>") (the "<b>UK Prospectus Regulation</b>").</p> <p>This Prospectus has been approved by the Financial Conduct Authority (the "<b>FCA</b>"), as a competent authority under the UK Prospectus Regulation. The FCA only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment of as to the suitability of investing in the Notes. Such approval relates to the Notes.</p> <p>Application has been made to the FCA for the Notes to be admitted to the official list of the FCA (the "<b>Official List</b>") and to the London Stock Exchange plc (the "<b>London Stock Exchange</b>") for such Notes to be admitted to trading on the London Stock Exchange's main market (the "<b>Main Market</b>"), a regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA. Reference in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Main Market and have been admitted to the Official List.</p> <p><i><b>This Prospectus (as supplemented as at the relevant time, if applicable) is valid for the admission to trading of the Notes on the Main Market until the time when trading on such regulated market begins. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply once the Notes are admitted to trading on the Main Market.</b></i></p>
<b>Benchmarks</b>	Interest payable under the Notes will be calculated by reference to the Sterling Overnight Index Average (" <b>SONIA</b> "), provided by the Bank of England.
<b>Eurosystem eligibility</b>	The Notes are intended to be held in a manner which allows eligibility under the rules of the monetary authority of the euro area (Eurosystem). This means that the Notes are intended upon issue to be deposited with, and registered in the name of the Common Safekeeper (or a nominee thereof) with one of Euroclear or Clearstream, Luxembourg as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life.
<b>Obligations</b>	The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of BOIUK, its affiliates or any other party, other than the Issuer, named in the Prospectus.
<b>Definitions</b>	Please refer to the section entitled " <i>Glossary of Defined Terms</i> " for definitions of defined terms.
<b>UK Securitisation Regulation requirements</b>	The Seller will retain a material net economic interest of at least 5% in the securitisation in accordance with the text of Article 6(3)(d) of Regulation (EU) 2017/2402 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the " <b>UK Securitisation Regulation</b> "). As at the Closing Date, such interest will be comprised of an interest in the first loss tranche. Any change to the manner in which such interest is held will be notified to investors. In addition to the information set out herein and forming part of the Prospectus, the Seller has undertaken to make available the information as set out in " <i>Certain Regulatory Matters — UK Securitisation Regulation and EU Securitisation Regulation</i> ". Please refer to the Section entitled " <i>Certain Regulatory Matters— UK Securitisation Regulation and EU Securitisation Regulation</i> " for further information.
<b>EU Securitisation Regulation requirements</b>	The Seller will retain a material net economic interest of at least 5% in the securitisation in accordance with the text of Article 6(3)(d) of Regulation (EU) 2017/2402 (the " <b>EU Securitisation Regulation</b> ") (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation) not taking into account any relevant national measures, as if it were applicable to it, but solely as such articles are interpreted and applied on the date of this Prospectus. As at the Closing Date, such interest will be comprised of an interest in the first loss tranche. Any change to the manner in which such interest is held will be notified to investors. In addition to the information set out herein and forming part of the Prospectus, the Seller has undertaken to make available the information as set out in " <i>Certain Regulatory Matters — UK Securitisation Regulation and EU Securitisation Regulation</i> ". Please refer to the Section entitled " <i>Certain Regulatory Matters — UK Securitisation Regulation and EU Securitisation Regulation</i> " for further information.
<b>Simple, transparent and standardised securitisation</b>	<p>The securitisation transaction described in this Prospectus is intended to qualify as a UK STS securitisation within the meaning of article 18 of the UK Securitisation Regulation. The Seller, as originator, will give a notification (a "<b>UK STS notification</b>") to the FCA that the securitisation transaction described in this Prospectus meets, on the date of this Prospectus, the requirements of articles 19 to 22 of the UK Securitisation Regulation, such notification to be included in the list published by FCA referred to in article 27(5) of the UK Securitisation Regulation. The Seller, as originator and the Issuer have used the service of PCS, a third party authorised pursuant to article 28 of the UK Securitisation Regulation, to verify whether the securitisation transaction described in this Prospectus complies with articles 19 to 22 of the UK Securitisation Regulation and the compliance with such requirements is expected to be verified by PCS on the Closing Date. No assurance can be provided that the securitisation transaction described in this Prospectus does qualify or will continue to qualify at any point in time in the future under the UK Securitisation Regulation as a UK STS securitisation. None of the Issuer, Arranger, Joint Lead Managers, Trustee, Servicer, Seller or any of the other transaction parties makes any representation that the securitisation transaction described in this Prospectus does qualify or will qualify under the UK Securitisation Regulation at any point in time in the future as a UK STS securitisation or accepts any liability in respect of the securitisation transaction described in this Prospectus not qualifying as a UK STS securitisation.</p> <p>As at the date of this Prospectus, the Notes are not capable of qualifying as an STS securitisation within the meaning of the EU Securitisation Regulation, primarily because they do not meet the jurisdictional requirements of Article 18 of the EU Securitisation Regulation and no notification (an "<b>EU STS notification</b>") has been submitted to the ESMA in accordance with Article 27 of the EU Securitisation Regulation confirming</p>

	<p>that the EU requirements of Articles 19 to 22 of the EU Securitisation Regulation (the "<b>EU STS requirements</b>") have been satisfied with respect to the Notes (an "<b>EU STS designation</b>").</p> <p>For further information, please refer to "<i>Risk factors - Simple, Transparent and Standardised Securitisations</i>".</p>
<b>U.S. Risk Retention</b>	<p>The transaction described in this Prospectus is not intended to involve the retention by a sponsor of at least 5 per cent. of the credit risk of the securitized assets for purposes of compliance with the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "<b>U.S. Risk Retention Rules</b>"), but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. See the risk factor entitled "<i>Risk Factors – Impact of regulatory initiatives on certain investors – U.S. Risk Retention</i>" for more detail.</p>
<b>Volcker Rule</b>	<p>The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof it will not be, a "covered fund" as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (such statutory provision together with such implementing regulations, the "<b>Volcker Rule</b>"). In reaching this conclusion, although other exclusions from the definition of "covered fund" may be available to the Issuer, the Issuer is of the view that it may rely on an exemption from registration under the U.S. Investment Company Act of 1940, as amended (the "<b>Investment Company Act</b>") pursuant to Section 3(c)(5)(C) thereunder and, accordingly, it is excluded from the definition of a "covered fund" under the Volcker Rule made available to certain issuers that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exemption from registration thereunder. However, the general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.</p>
<b>Significant Investor</b>	<p>BOIUK will, on the Closing Date, purchase 100 per cent. of the Class Z Notes.</p> <p>Please refer to the section entitled "<i>Subscription and Sale</i>" for further information.</p>

THE "**RISK FACTORS**" SECTION CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE NOTES. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED WITHIN THAT SECTION.

**ARRANGER**

**SANTANDER CORPORATE & INVESTMENT BANKING**

**JOINT LEAD MANAGERS**

**SANTANDER CORPORATE & INVESTMENT BANKING**

**BOFA SECURITIES**

The date of this Prospectus is 9 November 2023

## IMPORTANT NOTICE

**THE NOTES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER) OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER) OR THE ARRANGER OR THE JOINT LEAD MANAGERS. NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES SHALL BE ACCEPTED BY THE ARRANGER, THE JOINT LEAD MANAGERS OR ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER), OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS THE ARRANGER, THE JOINT LEAD MANAGERS OR ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER).**

YOU SHOULD REVIEW AND CONSIDER THE DISCUSSION UNDER "RISK FACTORS" BEGINNING ON PAGE 1 IN THIS PROSPECTUS BEFORE YOU PURCHASE ANY NOTES.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY THE ARRANGER, THE JOINT LEAD MANAGERS OR ANY OF THE TRANSACTION PARTIES THAT THIS PROSPECTUS MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, SAVE FOR OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS FOR THE PURPOSES OF THE UK PROSPECTUS REGULATION, NO ACTION HAS BEEN OR WILL BE TAKEN BY ANY OF THE TRANSACTION PARTIES WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES OR DISTRIBUTION OF THIS PROSPECTUS IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER, THE ARRANGER AND THE JOINT LEAD MANAGERS TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION. THE NOTES MAY NOT BE OFFERED, SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, INTO OR WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN UNDER "*DESCRIPTION OF THE NOTES IN GLOBAL FORM*" AND "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

THE NOTES OFFERED AND SOLD BY THE ISSUER ARE NOT DESIGNED TO INVOLVE THE RETENTION BY A SPONSOR OF AT LEAST 5 PER CENT. OF THE CREDIT RISK OF THE SECURITISED ASSETS FOR PURPOSES OF COMPLIANCE WITH THE U.S. RISK RETENTION RULES BUT RATHER ARE INTENDED TO RELY ON AN EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES REGARDING NON-U.S. TRANSACTIONS, AND NO OTHER STEPS WILL BE TAKEN BY THE ISSUER, THE SELLER, THE ARRANGER, THE JOINT LEAD MANAGERS OR ANY OF THEIR AFFILIATES OR ANY OTHER PARTY TO ACCOMPLISH SUCH COMPLIANCE.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF BOIUK AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE U.S. RISK RETENTION RULES, THE

NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS DIFFERENT FROM THE DEFINITION OF "U.S. PERSON" IN REGULATION S. ANY PURCHASER OF THE NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES, BY ITS ACQUISITION OF THE NOTES OR A BENEFICIAL INTEREST THEREIN, WILL BE DEEMED AND IN CERTAIN CIRCUMSTANCES REQUIRED, TO MAKE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON (UNLESS IT HAS OBTAINED A PRIOR WRITTEN CONSENT OF BOIUK), (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE OR BENEFICIAL INTEREST, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTES OR A BENEFICIAL INTEREST THEREIN THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

THE NOTES WILL BE SUBJECT TO RESTRICTIONS ON TRANSFER AS DESCRIBED HEREIN. EACH INITIAL PURCHASER AND SUBSEQUENT TRANSFEREE OF THE NOTES WILL BE DEEMED, BY ITS ACQUISITION OR HOLDING OF SUCH NOTES, TO HAVE MADE THE REPRESENTATIONS SET FORTH IN THE PROSPECTUS (IN THE SECTION ENTITLED "TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS"). ANY RESALE OR OTHER TRANSFER, OR ATTEMPTED RESALE OR OTHER ATTEMPTED TRANSFER, OF NOTES WHICH IS NOT MADE IN COMPLIANCE WITH THE APPLICABLE TRANSFER RESTRICTIONS WILL BE VOID. THE NOTES WILL ALSO BEAR RESTRICTIVE LEGENDS.

NONE OF THE ISSUER, THE ARRANGER OR THE JOINT LEAD MANAGERS MAKES ANY REPRESENTATION TO ANY PROSPECTIVE INVESTOR OR PURCHASER OF THE NOTES REGARDING THE LEGALITY OF INVESTMENT THEREIN BY SUCH PROSPECTIVE INVESTOR OR PURCHASER UNDER APPLICABLE INVESTMENT OR SIMILAR LAWS OR REGULATIONS.

THE ISSUER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS AND DECLARES THAT, TO THE BEST OF ITS KNOWLEDGE, THE INFORMATION CONTAINED IN THIS PROSPECTUS, IS IN ACCORDANCE WITH THE FACTS AND THIS PROSPECTUS MAKES NO OMISSION LIKELY TO AFFECT ITS IMPORT. ANY INFORMATION SOURCED FROM THIRD PARTIES CONTAINED IN THIS PROSPECTUS HAS BEEN ACCURATELY REPRODUCED (AND IS CLEARLY SOURCED WHERE IT APPEARS IN THIS PROSPECTUS) AND, AS FAR AS THE ISSUER IS AWARE AND IS ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

BOIUK ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*BANK OF IRELAND (UK) PLC*", "*THE FIXED RATE SWAP PROVIDER*" AND "*SERVICING AND CASH MANAGEMENT*" AND DECLARES THAT, TO THE BEST OF ITS KNOWLEDGE, THE INFORMATION CONTAINED IN THOSE SECTIONS IS IN ACCORDANCE WITH THE FACTS AND THOSE SECTIONS MAKE NO OMISSION LIKELY TO AFFECT THEIR IMPORT. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY BOIUK AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTIONS REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

ELAVON FINANCIAL SERVICES DAC, U.K. BRANCH ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "THE ACCOUNT BANK" AND DECLARES THAT, TO THE BEST OF ITS KNOWLEDGE, THE INFORMATION CONTAINED IN THAT SECTION IS IN ACCORDANCE WITH THE FACTS AND THAT SECTION MAKES NO OMISSION LIKELY TO AFFECT ITS IMPORT. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY ELAVON FINANCIAL SERVICES DAC, U.K. BRANCH AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED

TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

U.S. BANK TRUSTEES LIMITED ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "THE TRUSTEE" AND DECLARES THAT, TO THE BEST OF ITS KNOWLEDGE, THE INFORMATION CONTAINED IN THAT SECTION IS IN ACCORDANCE WITH THE FACTS AND THAT SECTION MAKES NO OMISSION LIKELY TO AFFECT ITS IMPORT. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY U.S. BANK TRUSTEES LIMITED AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

NO PERSON IS AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFERING OR SALE OF THE NOTES OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY ANY OF THE TRANSACTION PARTIES OR ANY OF THEIR RESPECTIVE AFFILIATES OR ADVISERS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE OR ALLOTMENT MADE IN CONNECTION WITH THE OFFERING OF THE NOTES SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION OR CONSTITUTE A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR THE SELLER OR IN THE OTHER INFORMATION CONTAINED HEREIN SINCE THE DATE HEREOF. THE INFORMATION CONTAINED IN THIS PROSPECTUS WAS OBTAINED FROM THE ISSUER AND THE OTHER SOURCES IDENTIFIED HEREIN, BUT NO ASSURANCE CAN BE GIVEN BY THE ARRANGER, THE JOINT LEAD MANAGERS OR THE TRUSTEE AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. NONE OF THE ARRANGER, THE JOINT LEAD MANAGERS OR THE TRUSTEE HAS SEPARATELY VERIFIED THE INFORMATION CONTAINED HEREIN. ACCORDINGLY, NONE OF THE ARRANGER, THE JOINT LEAD MANAGERS OR THE TRUSTEE MAKES ANY REPRESENTATION, EXPRESS OR IMPLIED, OR ACCEPTS ANY RESPONSIBILITY, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION IN THIS PROSPECTUS OR ANY PART THEREOF, OR ANY OTHER INFORMATION PROVIDED BY THE ISSUER IN CONNECTION WITH THE NOTES OR ANY DOCUMENT OR AGREEMENT RELATING TO THE NOTES. NONE OF THE ARRANGER OR THE JOINT LEAD MANAGERS OR THE TRUSTEE SHALL BE RESPONSIBLE FOR THE EXECUTION, LEGALITY, EFFECTIVENESS, ADEQUACY, GENUINENESS, VALIDITY, ENFORCEABILITY OR ADMISSIBILITY IN EVIDENCE OF ANY DOCUMENT OR AGREEMENT RELATING TO THE NOTES. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NONE OF THE ARRANGER, THE JOINT LEAD MANAGERS OR THE TRUSTEE UNDERTAKES OR SHALL UNDERTAKE TO REVIEW THE FINANCIAL CONDITION OR AFFAIRS OF THE ISSUER OR TO ADVISE ANY INVESTOR OR POTENTIAL INVESTOR IN THE NOTES OF ANY INFORMATION COMING TO THE ATTENTION OF THE ARRANGER, THE JOINT LEAD MANAGERS OR THE TRUSTEE. THE CONTENTS OF THIS PROSPECTUS SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL, BUSINESS, ACCOUNTING OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL, BUSINESS, ACCOUNTING AND TAX ADVISERS PRIOR TO MAKING A DECISION TO INVEST IN THE NOTES.

NEITHER THE ARRANGER NOR THE JOINT LEAD MANAGERS SHALL BE RESPONSIBLE FOR ANY MATTER WHICH IS THE SUBJECT OF ANY STATEMENT, REPRESENTATION, WARRANTY OR COVENANT OF THE ISSUER CONTAINED IN THE NOTES OR ANY TRANSACTION DOCUMENTS, OR ANY OTHER AGREEMENT OR DOCUMENT RELATING TO THE NOTES OR ANY TRANSACTION DOCUMENT, OR FOR THE EXECUTION, LEGALITY, EFFECTIVENESS, ADEQUACY, GENUINENESS, VALIDITY, ENFORCEABILITY OR ADMISSIBILITY IN EVIDENCE THEREOF. EACH PERSON RECEIVING THIS PROSPECTUS ACKNOWLEDGES THAT SUCH PERSON HAS NOT RELIED ON THE ARRANGER OR THE JOINT LEAD MANAGERS OR ON ANY PERSON AFFILIATED WITH ANY OF THEM IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION.

IN CONNECTION WITH THE ISSUE OF THE NOTES AS DESCRIBED IN THIS PROSPECTUS (THE "**TRANSACTION**"), THE ARRANGER AND THE JOINT LEAD MANAGERS ARE ACTING EXCLUSIVELY FOR THE ISSUER AND NO ONE ELSE. ACCORDINGLY, IN CONNECTION WITH

THE TRANSACTION, THE ARRANGER AND THE JOINT LEAD MANAGERS WILL NOT BE RESPONSIBLE TO ANYONE OTHER THAN THE ISSUER FOR PROVIDING THE PROTECTIONS AFFORDED TO ITS CLIENTS OR FOR THE GIVING OF ADVICE IN RELATION TO THE TRANSACTION. THE ARRANGER AND THE JOINT LEAD MANAGERS WILL BE PAID A FEE BY THE ISSUER IN RESPECT OF THE PLACEMENT OF THE NOTES.

THE DELIVERY OF THIS PROSPECTUS AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO ITS DATE.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF, THE ISSUER, THE SELLER, THE ARRANGER, THE JOINT LEAD MANAGERS OR ANY OF THEM TO SUBSCRIBE FOR OR PURCHASE ANY OF THE NOTES IN ANY JURISDICTION WHERE SUCH ACTION WOULD BE UNLAWFUL AND NEITHER THIS PROSPECTUS, NOR ANY PART THEREOF, MAY BE USED FOR OR IN CONNECTION WITH ANY OFFER TO, OR SOLICITATION BY, ANY PERSON IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

THIS PROSPECTUS IS PERSONAL TO THE OFFEREE WHO RECEIVED IT FROM THE ARRANGER OR THE JOINT LEAD MANAGERS AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON TO PURCHASE ANY NOTES.

PROSPECTIVE PURCHASERS OF THE NOTES MUST BE ABLE TO HOLD THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. ANY INVESTMENT IN THE NOTES IS ONLY SUITABLE FOR INVESTORS EXPERIENCED IN FINANCIAL MATTERS WHO ARE IN A POSITION TO FULLY ASSESS RISKS RELATING TO SUCH INVESTMENT AND HAVE SUFFICIENT FINANCIAL MEANS TO SUFFER ANY POTENTIAL LOSS STEMMING THEREFROM.

THIS PROSPECTUS IS NOT INTENDED TO FURNISH LEGAL, REGULATORY, TAX, ACCOUNTING, INVESTMENT OR OTHER ADVICE TO ANY PROSPECTIVE PURCHASER OF THE NOTES.

THIS PROSPECTUS SHOULD BE REVIEWED BY EACH PROSPECTIVE PURCHASER AND ITS LEGAL, REGULATORY, TAX, ACCOUNTING, INVESTMENT AND OTHER ADVISORS. PROSPECTIVE PURCHASERS WHOSE INVESTMENT AUTHORITY IS SUBJECT TO LEGAL RESTRICTIONS SHOULD CONSULT THEIR LEGAL ADVISORS TO DETERMINE WHETHER AND TO WHAT EXTENT THE NOTES CONSTITUTE LEGAL INVESTMENTS FOR THEM.

In this Prospectus all references to "**Member State**" are references to a Member State of the EEA and references to "**Pounds**", "**Sterling**", "**GBP**" and "**£**" are references to the lawful currency for the time being of the United Kingdom.

### **Forward-Looking Statements**

Some of the statements contained in this Prospectus consist of forward-looking statements relating to future economic performance or projections and other financial items. These statements can be identified by the use of forward-looking terminology, such as the words "believes", "expects", "may", "intends", "should" or "anticipates" or the negative or other variations of those terms. These statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results and performance of the Notes, BOIUK or the United Kingdom residential mortgage industry to differ materially from any future results or performance expressed or implied in the forward-looking statements. These risks, uncertainties and other factors include, among others general economic and business conditions in the United Kingdom, currency exchange rate and interest rate fluctuations, government, statutory, regulatory or administrative initiatives affecting the Mortgage Portfolio, BOIUK or the business carried out by it, changes in business strategy, lending practices or customer relationships and other factors that may be referred to in this Prospectus. Some of the most significant of these risks, uncertainties and other factors are discussed in this Prospectus under the section entitled "Risk Factors", and you are encouraged to carefully consider those factors prior to making an investment decision in relation to the Notes.

### **Disclosure of Interests**

Each of the Arranger, the Joint Lead Managers, the other Transaction Parties (other than the Issuer) and their respective related entities, associates, officers or employees are acting in a number of capacities in connection with the transaction described herein. Those entities and any of their respective affiliates acting in such

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

In addition to the interests described in this Prospectus, prospective investors should be aware that each of the Arranger, the Joint Lead Managers and their respective related entities, associates, officers or employees (each a "**Relevant Entity**") (a) may from time to time be a Noteholder or have other interests with respect to the Notes and they may also have interests relating to other arrangements with respect to a Noteholder or a Note; (b) may receive (and will not have to account to any person for) fees, brokerage and commission or other benefits and act as principal with respect to any dealing with respect to any Notes; (c) may purchase all or some of the Notes and resell them in individually negotiated transactions with varying terms; and (d) may be or have been involved in a broad range of transactions including, without limitation, banking, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Issuer or any Transaction Party, both on its own account and for the account of other persons. As such, each Relevant Entity may have various potential and actual conflicts of interest arising in the ordinary course of its business. For example, a Relevant Entity's dealings with respect to the Notes, the Issuer or a Transaction Party may affect the value of the Notes as the interests of this Relevant Entity may conflict with the interests of a Noteholder, and that Noteholder may suffer loss as a result. To the maximum extent permitted by applicable law, no Relevant Entity is restricted from entering into, performing or enforcing its rights in respect of the Transaction Documents or the interests described above and may continue or take steps to further or protect any of those interests and its business even where to do so may be in conflict with the interests of Noteholders. Each Relevant Entity may in so doing act in its own commercial interests without notice to, and without regard to, the interests of the Noteholders or any other person. To the maximum extent permitted by applicable law, the duties of each Relevant Entity in respect of the Notes are limited to the relevant contractual obligations set out in the Transaction Documents (if any) and, in particular, no advisory or fiduciary duty is owed to any person. No Relevant Entity shall have any obligation to account to the Issuer, any other Transaction Party or any Noteholder for any profit as a result of any other business that it may conduct with either the Issuer or any other Transaction Party.



## EU AND UK PRODUCT GOVERNANCE

### EU Product Governance

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

### UK Product Governance

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties and professional clients, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any Distributor should take into consideration the manufacturers' target market assessment; however, a Distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

## EU AND UK PRIIPS REGULATION

The Notes are not intended, to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**EU Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in the Regulation (EU) 2017/1129 (as amended). Consequently no key information document required by the Regulation (EU) 1286/2014 (as amended, the "**EU PRIIPs Regulation**") (an "**EU KID**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation. Persons purchasing such Notes will be deemed to represent, warrant and undertake that they have not offered and sold, and that they will not offer or sell, any such Notes to retail investors in the EEA and that they have complied and will comply with the EU PRIIPs Regulation in relation to such Notes. The Issuer, the Arranger and the Joint Lead Managers expressly disclaim any responsibility, and shall have no liability towards the persons purchasing such Notes or any retail investors, for offers and sales of Notes to retail investors in circumstances where such Notes are sold to retail investors in the EEA and that no EU KID has been prepared.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement the EU Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA ("**UK MiFIR**"). In addition, the Notes are not intended to be offered, sold or otherwise made available in the UK in an amount of less than £100,000. Consequently, no key information document required by EU PRIIPs Regulation as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK PRIIPs Regulation**") (a "**UK KID**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. The Issuer, the Arranger and the Joint Lead Managers expressly disclaim any responsibility, and shall have no liability towards the persons purchasing such Notes or any retail investors, for offers and sales of Notes to retail investors in circumstances where such Notes are sold to retail investors in the UK and that no UK KID has been prepared.

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## RISK FACTORS

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

The Issuer believes that the risks described below are the principal risks inherent in the transaction for Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks relating to the Notes are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts in respect of the Notes. Prospective Noteholders should read the detailed information set out in this document and reach their own views, together with their own professional advisers, prior to making any investment decision. Prospective Noteholders should read the sections of this Prospectus entitled "Transaction Overview" to "Triggers Tables" (inclusive) before reading and considering the risks described below.

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

*Notes obligations of Issuer only*

The Notes will be obligations solely of the Issuer and will not be the responsibility of, or guaranteed by, any of the Transaction Parties (other than the Issuer), the Arranger or the Joint Lead Managers and no person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

*The Issuer has a limited source of funds which may be insufficient to allow for repayment in full of the Notes*

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes and its operating and administrative expenses will be dependent solely on receipts from the Mortgage Loans in the Mortgage Portfolio which are designated as Available Revenue and Available Principal, receipts under the Fixed Rate Swap Agreement, amounts standing to the credit of the Transaction Account and interest earned on such accounts and any Authorised Investments. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes under the applicable Payments Priorities. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, in accordance with the applicable Payments Priorities. The Issuer will have no recourse to the Seller, save in certain limited circumstances as provided in the Mortgage Sale Agreement (see further the section entitled "Title to the Mortgage Portfolio").

*No additional sources of funds after Step-Up Date*

As of the Step-Up Date, the Relevant Margin on the Class A Notes will be increased. There will, however, be no additional receipts or other sources of funds available to the Issuer as of the Step-Up Date, nor is it expected that any of the sources of income available to the Issuer prior to the Step-Up Date will be increased. If the sources of funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors in accordance with the applicable Priority of Payments.

*The Notes are limited recourse obligations of the Issuer*

The Notes will be limited recourse obligations of the Issuer. If at any time following:

- (a) the occurrence of either:
  - (i) the Final Maturity Date or any earlier date upon which all of the Notes of each class are due and payable; or
  - (ii) the service of an Enforcement Notice; and

- (b) the realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes and other amounts payable by the Issuer to Transaction Parties in accordance with the applicable Payments Priorities,

the proceeds of such Realisation are insufficient, after the same have been allocated as Available Principal and Available Revenue or as Post-Enforcement Amounts (as applicable), to pay in full all claims ranking in priority to the Notes in accordance with the applicable Payments Priorities and all amounts then due and payable under any class of Notes, then the amount remaining to be paid (after application in full of the amounts referred to in (b) above) in respect of such class of Notes (and any class of Notes junior to that class of Notes) shall, on the day following such application in full of the amounts referred to in (b) above, cease to be due and payable by the Issuer. "**Realisation**" is defined in Condition 10 (*Limited Recourse*). The Seller is entitled to payments of Deferred Consideration (i) on each Interest Payment Date, out of Available Revenue in accordance with the applicable Payments Priorities; and (ii) on any date in the amount of certain fees paid by Borrowers into the Collection Accounts, and where amounts representing Deferred Consideration have been paid to the Seller such amounts will not be available to the Issuer to make subsequent payments to the Noteholders (as described more fully in the section entitled "*Cashflows and Cash Management*").

#### *Credit risk*

The Issuer is subject to the risk of default in payment by the Borrowers and upon such default in payment, the failure by the Servicer, on behalf of the Issuer, to realise or recover sufficient funds from the Borrowers under the arrears and default procedures in respect of the Mortgage Loans and their Related Security in order to discharge all amounts due and owing by the relevant Borrowers under the Mortgage Loans. This risk may affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by certain credit enhancement features such as: (i) Available Revenue is expected to exceed the interest due and payable on the Notes and all other items ranking in priority to such amounts in the Payments Priorities; and (ii) payments of principal on the Class Z Notes are subordinated to payments of principal on the Class A Notes. For further information, see section entitled "*Key Structural Features – Summary of Credit Enhancement and Liquidity Support*". However, no assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the Noteholders from all risk of loss.

#### *Liquidity risk*

The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of payments being made late by Borrowers after the end of the relevant Calculation Period. This risk may adversely affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by the provision of liquidity from alternative sources such as (i) a Revenue Shortfall on any Interest Payment Date may be funded by amounts standing to the credit of the General Reserve Fund; and (ii) a Remaining Revenue Shortfall on any Interest Payment Date may be funded by Available Principal. For further information, please see section entitled "*Key Structural Features – Summary of Credit Enhancement and Liquidity Support*". However, no assurance can be made as to the effectiveness of such alternative sources of liquidity, or that such alternative sources of liquidity will protect the Noteholders from all risk of loss.

#### *Subordination of interest and principal payments on the Class Z Notes may not protect Noteholders from all risk of loss*

The Class Z Notes are subordinated as to payment of interest and principal to the Class A Notes, as set out in "*Key Structural Features*". However, there is no assurance that these subordination provisions will protect the holders of Class A Notes from any or all risk of loss.

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

Details of the terms of the subordination of the Notes are further set out in "*Cashflows and Cash Management*". There is no assurance that these subordination rules will protect the holders of Notes from all risk of loss.

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

If, on any Interest Payment Date, as a result of shortfalls in Available Revenue available to pay interest due on the Class A Notes, amounts ranking in priority to the payment of interest on the Class A Notes and amounts

necessary to eliminate any debit balances on the Class A Principal Deficiency Sub-Ledger, there is a Revenue Shortfall, then the Issuer may apply the General Reserve Fund to make up such Revenue Shortfall. If following application of the General Reserve Fund, there is a Remaining Revenue Shortfall, then the Issuer may apply Available Principal (if any) to make up such Remaining Revenue Shortfall. In this event, the consequences set out in the following paragraph may result.

Application, as described above, of any Available Principal to meet any Remaining Revenue Shortfall will be recorded first on the Class Z Principal Deficiency Sub-Ledger until the balance of the Class Z Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class Z Notes then outstanding, and next on the Class A Principal Deficiency Sub-Ledger until the balance of the Class A Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class A Notes then outstanding.

It is expected that during the course of the life of the Notes, principal deficiencies (whether resulting from use of Available Principal to meet one or more Remaining Revenue Shortfalls, or otherwise) will be recouped from Available Revenue and, other than in respect of the Class Z Notes, amounts standing to the credit of the General Reserve Fund. Available Revenue will be applied, after meeting prior ranking obligations as set out under the Pre-Enforcement Revenue Payments Priorities, to credit first the Class A Principal Deficiency Sub-Ledger and second (after, for so long as the Class A Notes remain outstanding, crediting the General Reserve Fund up to the General Reserve Fund Required Amount) to credit the Class Z Principal Deficiency Sub-Ledger. In the event of a Revenue Shortfall, amounts standing to the credit of the General Reserve Fund will be applied, after meeting prior ranking obligations, to credit the Class A Principal Deficiency Sub-Ledger.

However, if notwithstanding the credit and liquidity enhancement features described above there are insufficient funds available as a result of revenue and/or principal deficiencies, then one or more of the following consequences may ensue:

- the interest and other net income of the Issuer may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Notes; and
- there may be insufficient funds to repay the Notes on or prior to the Final Maturity Date of the Notes.

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

If, on any Interest Payment Date other than the Final Maturity Date, the Issuer has insufficient funds to make payment in full of all Interest Amounts (including any Additional Interest) on the Class Z Notes, after having paid or provided for items of higher priority in the Pre-Enforcement Payments Priorities, then unless the Class Z Notes are the Most Senior Class, the amount of the shortfall shall not be due and payable and the Issuer will be entitled under Condition 8.11 (*Interest Deferred*) to defer payment of that shortfall amount until the following Interest Payment Date.

The deferral of Interest Amounts on the Class Z Notes will not constitute an Event of Default unless the Class Z Notes are the Most Senior Class. To the extent that there are insufficient funds available to the Issuer on the following Interest Payment Date to pay such deferred Interest Amounts and/or Additional Interest, any deferral of such amounts will continue until the Final Maturity Date or such earlier date as the Class Z Notes are redeemed in full or the date on which amounts cease to be payable by the Issuer in accordance with Condition 10 (*Limited Recourse*).

Payments of Interest Amounts on the Class A Notes cannot be deferred and, if such amounts remain unpaid 15 calendar days after the relevant due date, this will constitute an Event of Default.

*The General Reserve Fund may not be available to cover all losses and at all times*

The General Reserve Fund will be established on the Closing Date from part of the proceeds of a drawing under the Subordinated Loan Agreement in the sum of £5,250,000 (being an amount equal to 1.5 per cent. of the Principal Amount Outstanding of the Class A Notes as at the Closing Date) and the amount required, from time to time, to be standing to the credit of the General Reserve Ledger shall be an amount equal to the General Reserve Fund Required Amount.

Available Revenue will be available (in accordance with the Pre-Enforcement Revenue Payments Priorities) to fund and replenish the General Reserve Fund in accordance with the requirements described herein. Monies

standing to the credit of the General Reserve Fund will be applied to make up any Revenue Shortfall (including to reduce any debit balance on the Class A Principal Deficiency Sub-Ledger). Where the amount standing to the credit of the General Reserve Fund is greater than the General Reserve Fund Required Amount and provided that the General Reserve Release Conditions are met or following the redemption in full of the Class A Notes, any General Reserve Release Amount will form part of Available Revenue on each Interest Payment Date.

There can be no assurance that the amount standing to the credit of the General Reserve Fund will be sufficient to meet any Revenue Shortfall. This may affect the Issuer's ability to make payments due on the Notes.

#### *Interest rate risk*

The Issuer is subject to:

- the risk of a mismatch between the fixed rates of interest payable on the Fixed Rate Loans during their fixed rate period and the variable interest rate payable in respect of the Notes which is mitigated (but not eliminated) by the Fixed Rate Swap;
- the risk of a mismatch between the Variable Rate Loans and the interest rate payable on the Notes as a result of the interest rate on the Variable Rate Loans being determined on different bases to the interest rate payable on the Notes. The Issuer has not entered into any hedging transaction to mitigate this risk; and
- the risk that any cash held by or on behalf of the Issuer may earn a rate of return below the rate of interest payable on the Notes. This risk is mitigated (but not eliminated) by the Transaction Account, which pays interest at a rate which is set at a fixed margin below SONIA on funds standing to the credit thereof, although fluctuations in SONIA may lead to such rate being negative.

This interest rate mismatch may adversely affect the ability of the Issuer to make payments of interest and principal on the Notes.

#### *Swap termination payments*

In the event that the Fixed Rate Swap Provider does not pay any amount payable under the Fixed Rate Swap Agreement when due, available funds of the Issuer may be less than would otherwise be the case and this could result in reduced payments to Noteholders.

The Fixed Rate Swap Agreement may be terminated by either the Issuer or the Fixed Rate Swap Provider for various fault and non-fault-based reasons. If the Fixed Rate Swap Agreement terminates, the Issuer may be obliged to pay a termination payment to the Fixed Rate Swap Provider. The amount of such termination payment will be based on the replacement value of the Fixed Rate Swap Agreement. There can be no assurance that the Issuer will have sufficient funds available to make any termination payment under the Fixed Rate Swap Agreement or that the Issuer, following termination of the Fixed Rate Swap Agreement, will have sufficient funds to make subsequent payments to the Noteholders in respect of the relevant class of Notes.

Except where the Fixed Rate Swap Provider has caused the Fixed Rate Swap Agreement to terminate by its default or pursuant to the Swap Provider Downgrade Event, any termination payment in respect of the Fixed Rate Swap Agreement due from the Issuer will rank in priority to payments due on the Notes. Therefore, if the Issuer is obliged to make a termination payment to the Fixed Rate Swap Provider or to pay any other additional amount as a result of the termination of the Fixed Rate Swap Agreement, this may reduce or otherwise adversely affect the amount of funds which the Issuer has available to make payments on the Notes of any Class.

If the Fixed Rate Swap Agreement terminates, there can be no assurance that the Issuer will be able to enter into a replacement swap, or if a replacement swap is entered into, there can be no assurance that the credit rating of the replacement swap provider will be sufficiently high to prevent a downgrading of the then current ratings of the Class A Notes by the Rating Agencies. If this termination occurs, it may result in a termination payment being owed by the Issuer to the Fixed Rate Swap Provider.

If the Fixed Rate Swap Provider does not maintain the required ratings as set out in the Fixed Rate Swap Agreement, the Fixed Rate Swap Provider may be obliged to post collateral in respect of its obligations under the Fixed Rate Swap Agreement. Any such collateral will constitute Swap Excluded Receipts and so will not

form part of the Available Principal or Available Revenue and will not be available to meet the Issuer's obligations to Secured Creditors other than the Fixed Rate Swap Provider until the Fixed Rate Swap Agreement has been terminated in accordance with its terms and amounts owing to the Fixed Rate Swap Provider have been paid in full.

#### *Insolvency of Fixed Rate Swap Provider*

In the event of the insolvency of the Fixed Rate Swap Provider, the Issuer will be treated as a general creditor of the Fixed Rate Swap Provider. Consequently, the Issuer is subject to the credit risk of the Fixed Rate Swap Provider. To mitigate this risk, under the terms of the Fixed Rate Swap Agreement, in the event that the relevant ratings of the Fixed Rate Swap Provider fail to meet the relevant required ratings, the Fixed Rate Swap Provider will, in accordance with the terms of the Fixed Rate Swap Agreement, be required to take certain remedial measures within the applicable time frame stipulated in the Fixed Rate Swap Agreement (at its own cost) which may include providing collateral for its obligations under the Fixed Rate Swap Agreement, arranging for its obligations under the Fixed Rate Swap Agreement to be transferred to an entity with the relevant required ratings or procuring another entity with the required ratings to become guarantor in respect of its obligations under the Fixed Rate Swap Agreement. However, no assurance can be given that, at the time that such actions are required, the Fixed Rate Swap Provider will be able to post the required collateral or that it will be able to procure that another entity with the required ratings becomes a replacement swap provider or guarantor of the Fixed Rate Swap Provider.

On the Closing Date, the Fixed Rate Swap Provider will not have the relevant required ratings under the Fixed Rate Swap Agreement and may therefore be required to provide collateral to the Issuer in accordance with the Fixed Rate Swap Agreement until such time as it is no longer required to provide such collateral under the Fixed Rate Swap Agreement. Such collateral will be held by the Account Bank in a Swap Collateral Account pursuant to the Account Bank Agreement and will be Swap Excluded Receipts. Please see "*Key Structural Features*" – "*Summary of Credit Enhancement and Liquidity Support*" for further details.

#### *Considerations relating to yield, prepayments, mandatory redemptions and optional redemptions*

The yield to maturity of the Notes of each Class will depend on, among other things, the amount and timing of payment of principal and interest (including (i) prepayments; (ii) sale proceeds arising on enforcement of a Mortgage Loan; (iii) Further Advances paid for by the Issuer; (iv) repurchases due to breaches of the Seller Asset Warranties; (v) repurchases due to Further Advances made where the Further Advance Conditions are not met; (vi) repurchases due to Product Switches made in breach of the Product Switch Conditions; (vii) repurchases due to non-compliance with the UK Securitisation Regulation or Article 19, 20, 21 or 22 of the UK Securitisation Regulation or Article 243 of the UK CRR; (viii) repurchases due to non-compliance with Article 13 of the UK LCR Regulation or Article 177 of the UK Solvency II Regulation; and/or (ix) repurchases in relation to Non-Performing Mortgage Loans at the option of the Seller) on the Mortgage Loans and the price paid by the holders of the Notes of each such Class. Such yield may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing programmes, local and regional economic conditions and homeowner mobility. Subject to the terms and conditions of the Mortgage Loans (which may require in some cases notification to the Seller and in other cases the consent of the Servicer), a Borrower may "overpay" or prepay principal on any day in specified circumstances. No assurance can be given as to the level of prepayments that the Mortgage Portfolio will experience. See also the section entitled "*The Mortgage Portfolio*".

On any Interest Payment Date from and including the Step-Up Date or on any Interest Payment Date following a Calculation Period where, on the last day of such Calculation Period, the aggregate Principal Balance of all the Mortgage Loans in the Mortgage Portfolio is less than or equal to 10 per cent. of the aggregate Principal Balance of the Mortgage Loans in the Mortgage Portfolio as at the Initial Mortgage Portfolio Cut-Off Date, the Issuer may, subject to certain conditions, redeem all of the Notes. In addition, on any Interest Payment Date the Issuer may, subject to the Conditions, redeem all of the Notes if a change in tax law results in the Issuer or the Fixed Rate Swap Provider being required to make a Tax Deduction in respect of any payment on the Notes or under the Fixed Rate Swap Agreement respectively or if the Issuer would be subject to United Kingdom corporation tax in an accounting period on an amount which materially exceeds the Issuer Profit Amount retained during that accounting period. See Condition 9.4 (*Optional Redemption in whole for taxation reasons*) for further information.



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

**B. RISKS RELATING TO THE UNDERLYING ASSETS**

*Delinquencies or default by Borrowers in paying amounts due on their Mortgage Loans*

Borrowers may default on their obligations under the Mortgage Loans. Defaults may occur for a variety of reasons. The Mortgage Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies.

Other factors in Borrowers' personal or financial circumstances may affect the ability of Borrowers to repay the Mortgage Loans. Unemployment, loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgage Loans. In addition, the ability of a Borrower to sell a property given as security for a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

If a Borrower fails to repay its Mortgage Loan and the related Property is repossessed, the likelihood of there being a net loss on disposal of the Property is increased.

In order to enforce a power of sale in respect of a Property, the relevant mortgagee (which may be the Seller, the Issuer or the Trustee) must first obtain possession of the relevant property. Possession is usually obtained by way of a court order. This can be a lengthy and costly process and will involve the mortgagee assuming certain risks. In addition, once possession has been obtained, a reasonable period must be allowed for marketing the property, to discharge obligations to take reasonable care to obtain a proper price. If obtaining possession of properties and arranging a sale in such circumstances is lengthy or costly, the Issuer's ability to make payments on the Notes may be reduced. The Issuer's ability to make such payments may be reduced further if the powers of a mortgagee in relation to obtaining possession of properties permitted by law is restricted in the future. See the section entitled "*Risk Factors – Certain legal, tax and regulatory considerations*" below.

*The value of the Properties and Related Security in respect of the Mortgage Loans may be affected by a decline in property values*

The value of the Properties and Related Security in respect of the Mortgage Loans may be affected by, among other things, a decline in the residential property values in the United Kingdom. If the residential property market in the United Kingdom should experience an overall decline in property values, such a decline could in certain circumstances result in the value of the Properties and the Related Security being significantly reduced and, in the event that the Related Security is required to be enforced, may result in losses on the Notes.

The Issuer cannot guarantee that the value of a Property will remain at the same level as on the date of origination of the related Mortgage Loan. Any downturn in the United Kingdom economy may have a negative effect on the housing market. Any fall in property prices resulting from a deterioration in the housing market could result in losses being incurred by lenders where the net recovery proceeds of a sale are insufficient to redeem the outstanding loan. If the value of the Properties and Related Security is reduced this may ultimately result in losses to Noteholders if the Related Security is required to be enforced and the resulting proceeds are insufficient to make payments on all Notes.

Should residential property values decline further, Borrowers may have insufficient resources to refinance their Mortgage Loans with lenders other than the Seller and may have insufficient resources to pay amounts in respect of their Mortgage Loans as and when they fall due. This could lead to higher delinquency rates and losses which in turn may adversely affect payments on the Notes.

*Mortgage Loans and related Properties in the Mortgage Portfolio may be subject to geographic concentration risks within certain regions*

Mortgage Loans in the Mortgage Portfolio may be subject to geographic concentration risks within certain regions of the United Kingdom. To the extent that specific geographic regions within the United Kingdom have experienced or may experience in the future weaker regional economic conditions (due to local, national and/or global macroeconomic factors) and weaker housing markets than other regions in the United Kingdom, a concentration of the Mortgage Loans in such a region may be expected to exacerbate the risks relating to the Mortgage Loans described in this section. Certain geographic regions within the United Kingdom rely on different types of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or in the region that relies most heavily on that industry. For an overview of the geographical distribution of the Mortgage Loans as at the Provisional Mortgage Portfolio Cut-off Date, see "*Statistical Information on the Provisional Mortgage Portfolio – Geographical Spread*".

In addition, any natural disasters or widespread health crises, pandemics or epidemics or the fear of such crises, pandemics or epidemics (such as coronavirus, measles, SARS, Ebola, H1N1, Zika, avian influenza, swine flu or other epidemic diseases) in a particular region may reduce the value of affected Properties and/or negatively impact the ability of affected Borrowers to make timely payments on the Mortgage Loans. Governmental action or inaction in respect of, or responses to, any widespread health crises or potential crises (such as those mentioned previously), whether in the United Kingdom or in any other jurisdiction, may lead to a deterioration of economic conditions both globally and also within the United Kingdom. This may result in a loss being incurred upon the sale of such Properties and/or otherwise affect receipts on the Mortgage Loans. If the timing and payment of amounts due in respect of the Mortgage Loans are adversely affected by any of the risks described in this paragraph, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes. Given the unpredictable effect such factors may have on the local, national or global economy, no assurance can be given as to the impact of any of the matters described in this paragraph and, in particular, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes. For an overview of the effect that COVID-19 or similar pandemics might have on the Mortgage Portfolio, see "*The regulatory consequences of COVID-19 and the rising cost of living*".

*Risks associated with rising mortgage interest rates*

An increase in interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their Mortgage Loans. Borrowers with a Mortgage Loan subject to a variable rate of interest will be exposed to increased monthly payments if the related mortgage interest rate adjusts upward. Borrowers of a Mortgage Loan with an initial fixed rate or low introductory rate will be exposed to increased monthly payments at the end of the relevant fixed or introductory period. This increase in Borrowers' monthly payments at the end of an initial fixed or low introductory period may be compounded by any further increase in the related mortgage interest rate during the relevant fixed or introductory period.

Borrowers seeking to avoid increased monthly payments (caused by, for example, the expiry of an initial fixed rate or low introductory rate, or a rise in the related mortgage interest rates) by refinancing their Mortgage Loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave Borrowers with insufficient equity in their homes to permit them to refinance.

These events, alone or in combination, may contribute to higher delinquency rates and losses on the Mortgage Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and principal on the Notes.

*Limited remedies available to the Issuer in respect of any breach of representation or warranty made by the Seller under the Mortgage Sale Agreement*

Under the Mortgage Sale Agreement, the Seller will give certain warranties to each of the Issuer and the Trustee regarding each Mortgage Loan and its Related Security in which the Issuer will acquire a beneficial interest (a) on the Closing Date by reference to the facts and circumstances subsisting at the Closing Date except where the warranty is expressed to be by reference to the Initial Mortgage Portfolio Cut-Off Date, in which case it shall be given by reference to the facts and circumstances subsisting as at the Initial Mortgage Portfolio Cut-Off Date, and (b) on the Calculation Date following the Advance Period in which any Further Advance was

made, in respect of such Mortgage Loan. See the section entitled "*Title to the Mortgage Portfolio – Warranties and Repurchase*" below for a summary of these.

None of the Trustee, the Arranger, the Joint Lead Managers or the Issuer has undertaken, or will undertake, any investigations, searches or other actions of any nature whatsoever in respect of any Mortgage Loan or its Related Security (save that the Issuer has obtained a review of the Standard Documentation) and each relies instead on the warranties given in the Mortgage Sale Agreement by the Seller. The only remedy of the Issuer against the Seller if any of the Seller Asset Warranties made by the Seller is breached and (a) in the case of a Seller Asset Warranty made on the Closing Date, such a breach is reasonably likely to have or does in fact have a material adverse effect on the Mortgage Loan and/or its Related Security or (b) in respect of a Seller Asset Warranty made on the Calculation Date following the Advance Period in which a Further Advance was made is materially untrue, will be to require the Seller to repurchase the Issuer's beneficial interest in any relevant Mortgage Loan and its Related Security.

There can be no assurance that the Seller will have the financial resources to honour such obligations under the Mortgage Sale Agreement. This may affect the quality of the Mortgage Loans and their Related Security and accordingly the ability of the Issuer to make payments due on the Notes.

*There can be no assurance that the Issuer will receive the benefit of any insurance claims*

The practice of the Seller in relation to buildings insurance is described under the section entitled "*The Mortgage Portfolio – The Mortgage Loans - Insurance Policies*" below. As the Seller does not verify if building insurance has been taken out by a Borrower, the Seller cannot be certain that a Borrower has taken out or maintained building insurance or that any such cover would be sufficient to cover any loss and/or that the Seller's interest has been advised to the insurer. No assurance can therefore be given that the Seller will always receive the benefit of any claims made under any applicable buildings insurance contracts. This could adversely affect the Issuer's ability to redeem the Notes. However, the Seller has the benefit of the proceeds of Insurance Policies, which related to the Mortgages and the properties upon which they are secured as well as to certain mortgages and properties that the Seller has assigned to the Issuer pursuant to the Mortgage Sale Agreement.

*Mortgage prisoner claims*

The Issuer does not have an active mortgage business. Communications to existing customers to inform them that they may be able to switch to a more affordable mortgage may result in an increase in the annualised principal overpayment rate of the Mortgage Loans (as Borrowers seek to switch or refinance their mortgages with other lenders, or utilise other mechanisms provided internally by the Seller), and therefore the Notes may be redeemed sooner than expected which may result in Noteholders receiving a lower yield on their investment than otherwise expected. It is possible that where a significant number of Borrowers are eligible to switch and do so, the concentration of remaining Borrowers with arrears in the Mortgage Portfolio may increase, and accordingly the overall credit quality of the Mortgage Portfolio may decrease which could therefore adversely affect the ultimate amount received by the Issuer in respect of the relevant Mortgage Loans, the realisable value of the Mortgage Portfolio and/or the ability of the Issuer to make payments under the Notes.

Particularly in light of concerns relating to mortgage prisoners raised by the FCA's consultation paper titled "Mortgage Prisoner Review" (CP576) published in November 2021 (the "**Mortgage Prisoner Review**") and its August 2023 commitment to assess changes since the 2021 review, it is possible that a relevant court, financial ombudsman and/or regulatory authority may order that financial compensation must be paid to mortgage borrowers and/or existing variable interest rates under the mortgage loans being lowered and/or other remediation steps taken by relevant mortgage lenders. If this is the case, and compensation is required to be paid to a Borrower or Borrowers under the Mortgage Loans in the Mortgage Portfolio, it may result in an adverse effect on the ultimate amount received by the Issuer in respect of the relevant Mortgage Loans and the realisable value of the Mortgage Portfolio and/or the ability of the Issuer to make payments of interest and/or principal on the Notes.

*Risks relating to Repossessions*

A protocol for mortgage repossession cases in England and Wales came into force on 19 November 2008, which sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders have confirmed that they will delay the initiation of repossession action for at least three months after a borrower who is an owner-occupier is in arrears. The application of such moratorium may be subject to the

wishes of the relevant borrower and may not apply in cases of fraud. The Mortgage Repossessions (Protection of Tenants etc.) Act 2010 came into force on 1 October 2010. This Act gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on application by an unauthorised tenant (i.e. a tenant in possession without the lender's consent) as generally exists on application by an authorised tenant. The lender has to serve notice at the property before enforcing a possession order.

This protocol and this Act may have adverse effects in markets experiencing above average levels of repossession claims. Delays in the initiation of responsive action in respect of the Mortgage Loans may result in lower recoveries and may adversely affect the ability of the Issuer to make payments to Noteholders.

A further Pre-Action Protocol for Debt Claims (the "**Protocol**") came into force on 1 October 2017 and applies to any business when claiming payment of a debt from an individual. The Protocol encourages early and reasonable engagement between parties and aims to allow parties to resolve the matter without the need to start court proceedings. Such out of court proceedings would include discussing a reasonable payment plan or considering the use of alternative dispute resolution.

#### *The regulatory consequences of COVID-19 and the rising cost of living*

The recent COVID-19 pandemic had a significant impact in the United Kingdom in respect of social behaviour, macroeconomic outlook and the response of the United Kingdom government. The COVID-19 pandemic resulted in authorities worldwide implementing numerous measures to try to contain COVID-19, which led to severe disruptions in the global supply chain, capital markets and economies.

The United Kingdom government passed various regulations in response to the pandemic, including measures to avoid bankruptcies of business exclusively caused by the COVID-19 pandemic and also provided guidance to UK mortgage lenders on how to address forbearance in the mortgage lending market. Specifically, in guidance published by the FCA in March 2021 (the "**Tailored Support Guidance**"), the FCA confirmed that the requirement under its previously issued guidance entitled "Mortgages and coronavirus: our guidance for firms" for UK mortgage lenders to grant customers a payment holiday ended on 31 March 2021, with all such payment holidays to cease by 31 July 2021. In the Tailored Support Guidance, the FCA also confirmed that mortgage lenders could recommence repossessions proceedings provided they were exercised in accordance with the FCA's guidance. This includes mortgage lenders using tailored forbearance procedures for individual customers and considering whether it is fair and reasonable to enforce repossession proceedings on a case-by-case basis.

The Tailored Support Guidance remains in place and sets out the FCA's expectations of mortgage lenders when dealing with customers who might have experienced, or continue to experience payment difficulties as a result of circumstances relating to COVID-19. The FCA expects mortgage lenders to be flexible and employ a full range of short and long-term forbearance options to support their borrowers and minimise avoidable financial distress and anxiety experienced by customers in financial difficulty as a result of coronavirus. Furthermore, the FCA made clear in its guidance that all regulated mortgage lenders and administrators are expected to act in a manner consistent with their requirements and the general principle of treating customers fairly, which includes the way it seeks to recover any sums relating to any granted payment holiday.

On 10 March 2023, the FCA confirmed in finalised guidance for firms supporting their existing mortgage borrowers impacted by the rising cost of living (FG 23/2) that the Tailored Support Guidance remains also relevant in the case of borrowers in financial difficulty due to the rising cost of living. So, if a customer indicates that they are experiencing or reasonably expect to experience payment difficulties due to the rising cost of living, firms should offer prospective forbearance to enable them to avoid, reduce, or manage any payment shortfall that would otherwise arise. This includes customers who have not yet missed a payment. When forbearance is not required, firms may still offer a range of contract variations to support borrowers who would like to reduce their monthly payments. The FCA also indicated it plans to incorporate aspects of the Tailored Support Guidance into its MCOB (as defined below) and Consumer Credit (CONC) sourcebooks and aims to publish a final policy statement on this in the second half of 2023.

The FCA has noted there are a range of forbearance measures available to lenders when supporting those borrowers, including payment concessions (resulting in a payment shortfall) or contract variations such as term extensions and temporary switches to interest-only plans. This includes potentially providing forbearance at scale, and possibly offering a group of customers with similar needs and circumstances a range of options that are appropriate to their circumstances.

On 26 June 2023, HM Treasury published the 'Mortgage Charter' in light of the current pressures on households following interest rate rises and the cost-of-living crisis (the "**Mortgage Charter**"). The Mortgage Charter states that the UK's largest mortgage lenders and the FCA have agreed with the Chancellor a set of standards that they will adopt when helping their regulated residential mortgage borrowers worried about high interest rates. As at the date hereof, lenders representing approximately 90 per cent. of the mortgage market are signatories to the Mortgage Charter and have agreed that, among other things, a borrower will not be forced to leave their home without their consent unless in exceptional circumstances, in less than a year from their first missed payment. Lenders that have signed the Mortgage Charter have also agreed to provide well-timed information and support for customers on switching to a new mortgage deal, including the ability to secure a new rate up to six months before their current fixed rate deal ends. In addition, lenders will permit borrowers who are up to date with their payments to: (i) switch to interest-only payments for six months; and/or (ii) extend their mortgage term to reduce their monthly payments with the option to revert to their original term within six months by contacting their lender. These options can be taken by borrowers who are up to date with their payments without a new affordability check or affecting their credit score. The Mortgage Charter commitments do not apply to buy-to-let mortgages.

The FCA has amended the MCOB to allow (rather than require) lenders to give effect to the provisions in the Mortgage Charter. The amendments made by the FCA to MCOB do not apply to buy-to-let mortgages or to second charge mortgages such as Help-to-Buy mortgage products.

There can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Mortgage Loans, including further amending and extending the scope of the above guidance and rules. Further, no assurance can be given of the impact that the rising cost of living, the forbearance measures discussed above and/or any future forbearance measures which may be undertaken in relation to the Mortgage Loans or the general deterioration in economic conditions may have on the performance of the Mortgage Loans (including the ability of Borrowers to make timely payments in full on Mortgage Loans) and therefore the ability of the Issuer to satisfy its obligations to make payments on the Notes.

More broadly, the extent and duration of the impact of the rising cost of living and the eventual withdrawal of government measures in response to the rising cost of living on the behaviour and performance of the Mortgage Loans cannot be determined at present. The ultimate impact of the consequences of the rising cost of living is uncertain and may pervade over time and may adversely affect the ability of the Issuer to satisfy its obligations under the Notes.

#### *Title of the Issuer*

There may be risks associated with the fact that the Issuer does not have legal title to the Mortgage Loans and their Related Security that may affect payments on the Notes.

Legal title to the Mortgage Loans and their Related Security will be retained by the Seller and will be transferred to the Issuer only in the limited circumstances described under "*Title to the Mortgage Portfolio*" below. Prior to the Issuer or the Trustee obtaining legal title to the Mortgage Loans and their Related Security in accordance with the terms of the Mortgage Sale Agreement, a *bona fide* purchaser from the Seller (which remains the legal owner of the Mortgage Loans and their Related Security) for value of any such Mortgage Loan who does not have any notice of the interests of the Issuer and the Trustee, as the case may be, might obtain a good title free of any such interest. However, the risk of third party claims obtaining priority to the interests of the Issuer or the Trustee in this way would be likely to be limited to circumstances arising from a breach by the Seller of its contractual obligations or fraud, negligence or mistake on the part of the Seller or its personnel or agents. The rights of the Issuer and the Trustee may be or become subject to the direct rights of the Borrowers against the Seller. Such rights may include the right of a Borrower to redeem its Mortgage Loan and Related Security by repaying his Mortgage Loan directly to the Seller. These rights may result in the Issuer receiving less monies than anticipated from the Mortgage Loans.

For so long as neither the Issuer nor the Trustee has obtained legal title, the Seller will undertake, pursuant to the terms of the Mortgage Sale Agreement, for the benefit of the Issuer and the Trustee that it will lend its name to, and take such other steps as may reasonably be required by the Issuer or the Trustee in relation to, any legal proceedings in respect of the Mortgage Loans and their Related Security (subject to being indemnified).

In order for legal title to the mortgages over registered land in England and Wales to be transferred, transfers would have to be registered at the Land Registry and notice would have to be given to the Borrowers.

In order for legal title in the mortgages over unregistered land in England and Wales to be transferred, transfers or deeds of assignment of the mortgages of unregistered land together with the Mortgage Loans secured thereby must be completed and, where applicable, in order to stop other third party rights arising or continuing, notice should be given to any prior mortgagee and registered with the Land Charges Registry.

#### *Set-off Risks in relation to Further Advances*

As noted above in relation to properties in England and Wales, the Seller will make an assignment of the Mortgage Loans and their Related Security to the Issuer on the Closing Date which will take effect in equity. Legal title will be retained by the Seller and transferred to the Issuer only in the limited circumstances described under "*Title to the Mortgage Portfolio*" below. As a result, the rights of the Issuer may be or become subject to the direct rights of the Borrowers against the Seller, including rights of set-off existing prior to notification to the Borrowers of the sale and assignment of the Mortgage Loans. Such set-off rights may arise, in particular:

- (i) if the Seller fails to make a Further Advance to the Borrower in the event that it had agreed to do so;
- (ii) if a Further Advance fell within the scope of the Consumer Credit Act 1974 (as amended) ("**CCA**") definition of a regulated agreement (a "**Relevant Further Advance**"), then the origination and documentation of the Relevant Further Advance must be in accordance with Part V of the CCA. If a Relevant Further Advance is not documented in accordance with Part V of the CCA, there is a risk that a court would hold that its terms could not be enforced by the Seller against the Borrower and as such the Relevant Further Advance would not be recoverable. In these circumstances, a Borrower would then be able to set-off an amount equivalent to the Relevant Further Advance together with interest payable on such advance against the debt claim made by the Seller. Additionally, the Seller could not exercise any rights over property secured under a Relevant Further Advance which does not comply with Part V of the CCA in respect of that advance; and
- (iii) if a Mortgage Loan or a Further Advance was granted in breach of the MCOB, a person who has suffered a loss as a result of such a breach will be able to rely upon a right of action against the Seller for breach of statutory duty. This may allow a Borrower to set-off the amount of damages recoverable for breach of statutory duty against any debt claim that the Seller might have against such Borrower.

In the event of such a failure by the Seller, whether in a solvent or insolvent situation, the relevant Borrower may be able to exercise an equitable right to set-off any damages claim arising from the Seller's breach of contract against the Seller's (and as assignee of the Mortgage Loans, the Issuer's) claim for payment of principal and/or interest under the relevant Mortgage Loan as and when it becomes due.

The amount of the damages claim will, in many cases, be the cost of the Borrower having to find an alternative source of finance: the Borrower may obtain a loan elsewhere in which case the damages would be equal to any difference in the borrowing costs together with any consequential losses, namely the associated costs of obtaining alternative funds (for example, legal fees and survey fees). If the Borrower is unable to obtain an alternative loan, he may have a damages claim in respect of other losses arising from the Seller's breach of contract where there are special circumstances communicated by the Borrower to the Seller at the time the Mortgage Loan was taken out. In either case, the damages claim will be limited by general legal principles concerning remoteness of loss and mitigation.

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

The exercise of set-off rights by Borrowers would reduce the incoming cash flow to the Issuer during the period of such set-off and, if the aggregate amount set-off were sufficiently large, may reduce or prevent payments due under the Notes.

#### *Considerations relating to Fixed Rate Loans*

The Fixed Rate Loans are subject to a fixed rate of interest but the rates of interest payable in respect of the Notes are based on a floating rate of interest, causing a mismatch between the rates of interest received by the Issuer from the Fixed Rate Loans and the rates of interest payable by the Issuer on the Notes. Such interest rate mismatch may affect the ability of the Issuer to make payments of interest and principal on the Notes. The Issuer has however entered into the Fixed Rate Swap Agreement to mitigate (but not eliminate) this risk.

## C. **RISKS RELATING TO THE STRUCTURE AND THE DOCUMENTS**

### *The Trustee is not obliged to act in certain circumstances*

Prospective investors should note that the Trustee may, at any time, at its discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to exercise or to enforce the provisions of the Notes or the Trust Documents (including the Conditions) or of the other Transaction Documents and at any time after the service of an Enforcement Notice, the Trustee may, at its discretion and without notice, take such proceedings, actions or steps as it may think fit to enforce the Security. However, the Trustee shall not be bound to take any such proceedings, actions or steps (including, but not limited to, the giving of an Enforcement Notice in accordance with Condition 13 (*Events of Default*)) unless it shall have been directed to do so by an Extraordinary Resolution of Noteholders of the Most Senior Class or in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class provided, in each case, that it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

In relation to the covenant to be given by the Seller to the Issuer and the Trustee in the Mortgage Sale Agreement in accordance with the UK Securitisation Regulation and the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time) regarding the material net economic interest to be retained by the Seller in the securitisation and certain requirements as to providing investor information in connection therewith, prospective investors should note that the Trustee will be under no obligation to monitor the compliance by the Seller with such covenant and will not be under any obligation to take any action in relation to non-compliance with such covenant (unless otherwise directed by the Secured Creditors (including the Noteholders) in accordance with the Transaction Documents). Any action or inaction of the Trustee may affect the ability of the Issuer to make payments of interest and principal on the Notes.

### *Meetings of Noteholders, modification and waiver*

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

The Trust Deed provides that, without the consent or sanction of the Noteholders or any of the other Secured Creditors, the Trustee may:

- (a) concur with the Issuer and/or any other person, in making any modification to the Conditions or the Transaction Documents:
  - (i) which, in the opinion of the Trustee, is of a formal, minor or technical nature, or is to correct a manifest error; or
  - (ii) (other than a Reserved Matter) which, in the opinion of the Trustee, will not be materially prejudicial to the interests of the holders of the then Most Senior Class,

*provided that*, the Issuer shall in relation to any proposed modification provide a certificate to the Trustee certifying that (i) it has notified the Fixed Rate Swap Provider of such proposed modification and (ii) either the Fixed Rate Swap Provider has given its prior written consent to such modification or the prior written consent of the Fixed Rate Swap Provider is not required for such modification;

- (b) authorise or waive, on such terms and conditions (if any) as it may decide, any proposed breach or breach of any Transaction Document, if in the Trustee's opinion, the interests of the holders of the then Most Senior Class will not be materially prejudiced thereby; and
- (c) determine that any Event of Default or Potential Event of Default shall not be treated as such, if in the Trustee's opinion, the interests of the holders of the Most Senior Class will not be materially prejudiced thereby,

provided always that the Trustee shall not exercise any powers under paragraphs (b) or (c) in contravention of any express direction given by an Extraordinary Resolution of the holders of the Most Senior Class or a request

or direction in writing made by the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class (but no such direction or request (a) shall affect any authorisation, waiver or determination previously given or made; or (b) shall require or authorise the Trustee to exercise its discretion to authorise or waive any proposed breach or breach relating to a Reserved Matter unless each class of Notes has, by Extraordinary Resolution, so authorised its exercise).

In addition, the Trustee shall be obliged, without any consent or sanction of the Noteholders, or, subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to the Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security or enter into any new, supplemental or additional documents that the Issuer considers necessary:

- (a) in order to comply with, or implement or reflect, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
- (b) to enable the Issuer and/or the Fixed Rate Swap Provider to comply with its obligations under UK EMIR (or EU EMIR if applicable);
- (c) for the purpose of complying with any changes to certain requirements of the UK Securitisation Regulation or the EU Securitisation Regulation after the Closing Date;
- (d) for the purpose of enabling the Notes to remain listed on the London Stock Exchange;
- (e) for the purpose of enabling the Issuer or any of the other Transaction Parties to comply with FATCA;
- (f) for the purpose of complying with any changes to the requirements of the UK CRA Regulation or the EU CRA Regulation after the Closing Date;
- (g) in order to effect a Base Rate Modification; or
- (h) changing the Floating Rate Option, as defined in the Fixed Rate Swap Agreement, that then applies in respect of the Fixed Rate Swap Agreement solely as a consequence of, and solely for the purpose of aligning such Floating Rate Option with, the base rate of the Class A Notes following a Base Rate Modification,

provided that (amongst other things): (i) at least 30 calendar days' notice has been given to the Noteholders of any such proposed modification; (ii) the Trustee has not been contacted in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) by Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding within such notification period notifying the Trustee that such Noteholders do not consent to the modification, and (iii) (save in the case of any modification required to permit the Issuer or the Fixed Rate Swap Provider to comply with their obligations under Articles 9, 10 and 11 of UK EMIR (or EU EMIR if applicable)) the Issuer (or, where applicable in accordance with the Conditions, the Fixed Rate Swap Provider or the Account Bank) either (A) obtains from each of the Rating Agencies written confirmation that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent) or (B) certifies that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent).

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class have notified the Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class is passed in favour of such modification in accordance with Condition 16 (*Meetings of Noteholders*).



The Trustee may, without the consent of any of the Noteholders or other Secured Creditors, concur with the Issuer in substituting in place of the Issuer a Substituted Obligor as the principal debtor in respect of the Transaction Documents provided that certain conditions as set out in the Trust Deed are satisfied.

The Trust Deed provides that the Trustee shall, as regards the powers, trusts, authorities, duties and discretions vested in it by the Transaction Documents, except where expressly provided otherwise, solely have regard to the interests of the Noteholders and not to the interests of the other Secured Creditors, its only obligation to such other Secured Creditors being to pay to them any monies received by it and available for them in accordance with the applicable Payments Priorities.

In addition, the Trustee shall for so long as there are any Class A Notes outstanding, give priority to the interests of the Class A Noteholders (whose interests will prevail) if, in the Trustee's opinion, there is or may be a conflict between the interests of the Class A Noteholders and the interests of the Class Z Noteholders.

See also the section entitled "*Overview of Rights of Noteholders*" and Conditions 16 (*Meetings of Noteholders*) and 17 (*Modification and Waiver*).

The exercise of the Trustee's powers at its own discretion or at the direction of the Noteholders may affect the interests of a Noteholder and there is no guarantee that any changes made to the Transaction Documents and/or the Conditions pursuant to the obligations imposed on the Trustee, as described above, would not be prejudicial to the Noteholders.

#### *Conflict between Noteholders*

The Trust Deed contains provisions requiring the Trustee to have regard to the interests of each Noteholder within a Class equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise).

If, in the Trustee's opinion, there is a conflict between the interests of (i) the Class A Noteholders and (ii) the Class Z Noteholders, the Trustee shall give priority to the interests of the Class A Noteholders whose interests shall prevail.

BOIUK will, on the Closing Date, purchase 100 per cent. of the Class Z Notes.

#### **D. COUNTERPARTY RISK**

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

The Issuer is party to contracts with a number of third parties who have agreed to perform services in relation to the Notes. In particular, but without limitation, (i) the Corporate Services Provider has agreed to provide certain corporate services to the Issuer, (ii) the Account Bank has agreed to provide the Transaction Account, the Swap Collateral Account and certain custodian services to the Issuer, (iii) the Servicer has agreed to service the Mortgage Portfolio, (iv) the Back-Up Servicer Facilitator has agreed to assist the Issuer in relation to the appointment of a Substitute Servicer (as defined below) in certain circumstances, (v) the Cash Manager has agreed to provide cash management services and (vi) the Paying Agents, the Registrar, the Transfer Agent and the Agent Bank have all agreed to provide services with respect to the Notes. The Issuer has mitigated the risk of certain transaction counterparties being downgraded through the downgrade provisions in the Transaction Documents (see the section entitled "*Triggers Tables*").

Investors should also be aware that third parties on which the Issuer relies may be adversely impacted by the general economic climate. Global markets have in the past been negatively impacted by the then prevailing global credit market conditions as further described above in "*Absence of secondary market for the Notes*". If such conditions were to return, these factors affecting transaction parties specifically, as well as market conditions generally, could adversely affect the performance of the Notes. In addition there can be no assurance that governmental or other actions would improve market conditions in the future should conditions deteriorate.

##### *The Servicer*

The Servicer will be appointed by the Seller and the Issuer to service the Mortgage Loans.

In the event of the termination of the appointment of the Servicer it would be necessary for the Issuer to appoint a substitute Servicer (a "**Substitute Servicer**"). The Substitute Servicer would assume responsibility for the provision of the services required to be performed under the Servicing Agreement.

There can be no assurance that a Substitute Servicer could be found who would be willing and able to carry on the duties required by the Servicing Agreement. The ability of a Substitute Servicer to fully perform the required services would depend, among other things, on the information, software and records available at the time of the relevant appointment.

The Issuer or the Trustee shall not be held liable for not appointing a Substitute Servicer or in the event that any Substitute Servicer appointed or approved by it cannot perform its duties adequately. Neither shall the Trustee or the Issuer be held liable if a Substitute Servicer cannot be found.

If a Substitute Servicer is required to be appointed in accordance with the terms of the Servicing Agreement, the collection of payments on the Mortgage Loans could be disrupted during the transitional period in which the performance of the Servicing Services is transferred to a Substitute Servicer. Any failure or delay in collection of payments on the relevant Mortgage Loans resulting from a disruption in the administration of the Mortgage Loans could ultimately adversely affect payments of interest and principal on the Notes. Such risk is mitigated by the appointment of the Back-Up Servicer Facilitator which has committed to assist the Issuer in the appointment of a Substitute Servicer.

Neither the Servicer, the Back Up Servicer Facilitator or any Substitute Servicer has any obligation itself to advance payments that Borrowers fail to make in a timely fashion.

In addition, as described below, any such Substitute Servicer will be required to be authorised under the Financial Services and Markets Act 2000 (as amended) (the "**FSMA**") in order to administer Mortgage Loans that constitute Regulated Mortgage Contracts.

#### *Change of counterparties*

The parties to the Transaction Documents who receive and hold monies or provide support to the transaction pursuant to the terms of such documents (such as the Account Bank and the Fixed Rate Swap Provider) are required to satisfy certain criteria in order that they can continue to be a counterparty to the Issuer.

These criteria include requirements imposed by the FCA under the FSMA and requirements in relation to the short-term and long-term unguaranteed and unsecured ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. No assurance can be given that a replacement entity satisfying the applicable criteria would be appointed in such circumstances. Further, in these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. This may reduce amounts available to the Issuer to make payments of interest on the Notes.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may agree to amend or waive certain of the terms of such document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. This could result in a downgrade of the ratings of the Notes. The consent of Noteholders may not be required in relation to such amendments and/or waivers (see section entitled "*Risk Factors – Meetings of Noteholders, modification and waiver*" below).

The applicable rating criteria may also change over time which could have an impact on the ratings of the Notes.

#### **E. MARKET RISKS IMPACTING THE VALUE OF THE NOTES**

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

The ratings of the Class A Notes assigned on the Closing Date are set out under "*Ratings*" below. A rating is not a recommendation to buy, sell or hold securities and there is no assurance that any ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any one or more of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgement

of the Rating Agencies, circumstances so warrant. At any time, a Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Class A Notes may be lowered or withdrawn. A qualification, downgrade or withdrawal of any of the ratings mentioned above may adversely impact the market value of the Class A Notes.

Credit rating agencies other than the Rating Agencies could seek to rate the Notes and if such "unsolicited ratings" are lower than the comparable ratings assigned to the Class A Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the market value of the Class A Notes. For the avoidance of doubt and unless the context otherwise requires, any reference to "**ratings**" or "**rating**" in this Prospectus is to the ratings assigned by the specified Rating Agencies only. The Class Z Notes will not be rated by the Rating Agencies.

In respect of the use of credit ratings by investors under the UK CRA Regulation and EU CRA Regulation, please see "*Certain Regulatory Matters – UK CRA Regulation and EU CRA Regulation*".

#### *Ratings confirmation in relation to the Class A Notes in respect of certain actions*

The terms of certain Transaction Documents require the Rating Agencies to confirm that certain action proposed to be taken by the Issuer and the Trustee will not have an adverse effect on the then current rating of the Class A Notes (a "**Ratings Confirmation**").

A Ratings Confirmation that any action proposed to be taken by the Issuer or the Trustee will not have an adverse effect on the then current rating of the Class A Notes does not, for example, confirm that such action: (i) is permitted by the terms of the Transaction Documents; or (ii) is in the best interests of, or not prejudicial to, the Class A Noteholders. While each of the Secured Creditors (including the Class A Noteholders), the Issuer or the Trustee (as applicable) are entitled to have regard to the fact that the Rating Agencies have confirmed that the then current rating of the Class A Notes would not be adversely affected, the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Secured Creditors (including the Class A Noteholders), the Issuer, the Trustee or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the Class A Noteholders), the Issuer, the Trustee or any other person whether by way of contract or otherwise.

Any such Ratings Confirmation may or may not be given at the sole discretion of each Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information required to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Ratings Confirmation in the time available or at all, and the Rating Agency is likely to state that it is not responsible for the consequences thereof. A Ratings Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes in circumstances since the Closing Date. A Ratings Confirmation represents only a restatement of the then current rating of the Class A Notes and cannot be construed as advice for the benefit of any parties to the transaction.

The Rating Agencies have indicated that they will no longer provide Ratings Confirmations as a matter of policy. To the extent that a Ratings Confirmation cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents and specifically the relevant modification and waiver provisions. Any absence or withdrawal of any such Ratings Confirmations may have an adverse effect on the value of the Class A Notes.

#### *Absence of secondary market for the Notes*

The ability of the Issuer to redeem all of the Notes in full, including following the occurrence of an Event of Default in relation to the Notes while any of the Mortgage Loans are still outstanding, may depend upon whether the Mortgage Loans can be realised to obtain an amount sufficient to redeem the Notes.

There is not, at present, an active and liquid secondary market for the Notes, and there can be no assurance that a secondary market for the Notes will develop. To date, the Joint Lead Managers have not indicated that they intend to establish a secondary market in the Notes.

The secondary market for mortgage-backed securities has in the past experienced significant disruptions resulting from, among other things, reduced investor demand for such securities. This has resulted in the secondary market for mortgage-backed securities similar to the Notes experiencing very limited liquidity during such severe disruptions. Limited liquidity in the secondary market could have a material adverse effect on the market value of mortgage-backed securities including the Notes issued by the Issuer, especially those

securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. It is not known whether such disruptions to the market will reoccur.

Whilst central bank schemes such as the Bank of England's Discount Window Facility, the Indexed Long Term Repo Operations and the Contingent Term Repo Facility provide an important source of liquidity in respect of eligible securities, further restrictions in respect of the relevant eligibility criteria for eligible collateral in the future are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities. Neither the Issuer nor the Seller nor any other party gives any representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue or at any time prior to redemption in full, satisfy all or any of the requirements for such central bank schemes.

Any potential investor in the Notes should make its own conclusions and seek its own advice with respect to whether or not the Notes constitute eligible collateral for such central bank schemes.

Any investor in the Notes must be prepared to hold its Notes for an indefinite period of time or until the Final Maturity Date. In addition, an investor may only be able to sell the Notes, if at all, at a discount to the original purchase price of those Notes.

### *Market Disruption*

The Conditions contain provisions for the calculation of the underlying reference rates in respect of interest payable on the Notes, based on rates given by various market information sources and contain an alternative method of calculating the underlying rate should any of those market information sources, including the SONIA Reference Rate, be unavailable. The market information sources might become unavailable for various reasons, including suspensions or limitations on trading, events which affect or impair the ability of market participants in general, or early closure of market institutions. These could be caused by physical threats to the publishers of the market information sources, market institutions or market participants in general, or unusual trading, or matters such as currency changes. Any unavailability of such market information sources may affect the ability of the Issuer to make payments of interest and principal on the Notes.

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

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute (i) a benchmark for the purposes of Regulation (EU) No. 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**EU Benchmark Regulation**") or (ii) a benchmark for the purposes of Regulation (EU) No. 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds as it forms part of domestic law in the United Kingdom by virtue of the EUWA (the "**UK Benchmark Regulation**"). The EU Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within Europe. The UK Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the UK. Various interest rate benchmarks (including SONIA) are the subject of recent national reform in the United Kingdom and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

The UK Benchmark Regulation could have a material impact on the Notes which are linked to SONIA or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the UK Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

As an example of such benchmark reforms in the United Kingdom, on 27 July 2017, the FCA announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after

2021, on 12 July 2018, the FCA announced that the LIBOR benchmark may cease to be a regulated benchmark under the EU Benchmark Regulation and on 5 March 2021, the FCA issued a statement announcing the cessation of all 7 Euro LIBOR settings, all 7 Swiss franc LIBOR settings, the Spot Next, 1-week, 2-month and 12-month Japanese yen LIBOR settings, the overnight, 1-week, 2-month and 12-month Sterling LIBOR settings, and the 1-week and 2-month US Dollar LIBOR setting immediately after 31 December 2021 and the overnight and 12-month US Dollar LIBOR setting immediately after 30 June 2023. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its working group on Sterling risk free rates was mandated with implementing a broad-based transition to SONIA over the next four years across sterling bond, loan and derivative markets so that SONIA was established as the primary sterling interest rate benchmark by the end of 2021.

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

Due to the reforms being considered with respect to interest rate benchmarks (including SONIA) based on the foregoing, investors should be aware that any of these reforms or pressures or any other changes to a relevant interest rate benchmark (including SONIA) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be.

Investors should note the various circumstances in which a modification may be made to the Conditions or any other Transaction Documents for the purpose of changing the SONIA Reference Rate or other base rate that then applies in respect of the Notes or such other related or consequential amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change (a "**Base Rate Modification**"). These circumstances broadly relate to the disruption or discontinuation of SONIA, but also specifically include, inter alia, any public statements by the SONIA administrator or certain regulatory bodies that SONIA will be discontinued or may no longer be used, and a Base Rate Modification may also be made if the Issuer (or whilst BOIUK is the Cash Manager, the Cash Manager on its behalf) reasonably expects any of these events to occur within six months of the proposed effective date of the Base Rate Modification, subject to certain conditions. A Base Rate Modification may also be made if an alternative means of calculating a SONIA-based base rate is introduced which is utilised in a material number of publicly-listed new issues of asset-backed floating rate notes denominated in the same currency as the Notes prior to the effective date of such Base Rate Modification (for these purposes five (5) such issues shall be considered material). There can be no assurance that any such amendment will mitigate the interest rate risk or result in an effective replacement methodology for determining the reference rate on the Notes. Investors should note the various circumstances in which a Base Rate Modification may be made, which are specified in Condition 17.2(g)(i)(A) (*Additional Right of Modification*) and should also note the various options permitted as an "Alternative Base Rate" specified in Condition 17.2(g)(i)(B) (*Additional Right of Modification*). Investors should also note the negative consent requirements in relation to a Base Rate Modification (as to which, see "*Risk Factor - Meetings of Noteholders, modification and waiver*" above).

When implementing any Base Rate Modification, the Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person, and shall act and rely solely and without further investigation on any certificate (including, but not limited to, a Base Rate Modification Certificate) or other evidence provided to it by the Issuer or relevant Transaction Party, as the case may be, pursuant to Condition 17.2 (*Additional Right of Modification*) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.

Investors should note that the Fixed Rate Swap Agreement contains provisions whereby the Calculation Agent (as defined in the Fixed Rate Swap Agreement) may make required adjustments as are necessary to ensure the legal and commercial efficacy of the Fixed Rate Swap Agreement as a consequence of a Benchmark Event (as defined in the Fixed Rate Swap Agreement). The Benchmark Events broadly relate to the disruption or discontinuation of SONIA. Such adjustments may include changing the Floating Rate Option (as defined in the Fixed Rate Swap Agreement). There can be no assurance that any such adjustments will result in the Floating Rate Option under the Fixed Rate Swap Agreement being the same as the modified reference rate for the Notes. In addition, the Calculation Agent may make a running adjustment to the Spread (as defined in the Fixed Rate Swap Agreement) that the Calculation Agent determines is required in order to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one party to the other as a result of any adjustments made to the Fixed Rate Swap Agreement in these circumstances. When making any such

adjustments, the Calculation Agent shall act in good faith and in a commercially reasonable manner and may take into account the adjustments effected in any hedges it may have or may be generally available in the market in line with common market practice and/or by any CCP (as defined in the Fixed Rate Swap Agreement).

If at any time the SONIA Reference Rate (as defined in the Conditions) or other base rate that then applies in respect of the Notes is changed and the Alternative Base Rate (as defined in the Conditions) is different to the Floating Rate Option (defined in the Fixed Rate Swap Agreement) then the Issuer is permitted to terminate the Fixed Rate Swap Agreement.

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

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

*The market continues to develop in relation to SONIA as a reference rate*

Notwithstanding the above, investors should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets. Interest on Notes which reference a SONIA rate is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date, and, accordingly, Noteholders will not know the amount of interest payable in respect of any period until close to the end of that period. Market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to the Notes and as used in the Fixed Rate Swap Agreement. Any such developments could negatively affect the price of the Notes in the secondary market or the availability of a secondary market for the Notes.

## **F. CERTAIN LEGAL, TAX AND REGULATORY CONSIDERATIONS**

*Noteholders' interests may be adversely impacted by a change of law*

The structure of the transaction and, inter alia, the issue of the Notes and the ratings which are to be assigned to the Class A Notes are based on the law and administrative practice in effect as at the date of this Prospectus, as it affects the parties to the transaction, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to such law (including any change in regulation which may occur without a change in primary legislation) and practice or tax treatment after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes. In addition, it should be noted that regulatory requirements (including any applicable retention, due diligence or disclosure obligations) may be recast or amended and there can be no assurance that any such changes will not adversely affect the compliance position of a transaction described in this Prospectus or of any party under any applicable law or regulation.

*Mortgages regulated under the Financial Services and Markets Act 2000 (the "FSMA")*

Since 31 October 2004 (the date known as "N(M)"), most first-charge residential mortgage businesses in the United Kingdom have been regulated under the FSMA and brought within the jurisdiction of the Ombudsman. This regulatory power has been exercised by the FCA as of 1 April 2013 when the Financial Services Act 2012 came into force and replaced the FSA with the PRA, which is responsible for prudential regulation of financial

institutions that manage significant risks on their balance sheets, and the FCA, which is responsible for conduct of business. Prior to that date this power was exercised by the previous regulator, the FSA. Entering as lender into, arranging, advising on and administering Regulated Mortgage Contracts (including arranging and advising on variations to such contracts), and agreeing to do any of these things, are (subject to applicable exemptions) regulated activities under the FSMA requiring authorisation and permission from the FCA.

With effect from 21 March 2016, Regulated Mortgage Contracts under the FSMA are not regulated by the CCA, and regulations made in 2005 and 2008 under the FSMA are designed to clarify the position in this regard. This affects credit agreements made on or after N(M) and credit agreements made before this date but subsequently changed such that a new contract is entered into on or after N(M) and constitutes a separate Regulated Mortgage Contract. Previously, a Regulated Mortgage Contract had to satisfy the following: (a) the borrower was an individual or trustee; (b) the contract provided for the obligation of the borrower to repay to be secured by a first legal mortgage or charge (other than timeshare accommodation) on land in the United Kingdom; and (c) at least 40 per cent. of that land was used, or was intended to be used, as or in connection with any dwelling by the borrower or (in the case of credit provided to trustees) by an individual who was a beneficiary of the trust, or by their related person. A related person is defined as: (i) that person's spouse or civil partner; (ii) a person (whether or not of the opposite sex) whose relationship with that person has the characteristics of the relationship between husband and wife; or (iii) that person's parent, brother, sister, child, grandparent or grandchild. Any person carrying out a regulated activity must either be authorised by the FCA, with specific permission required from the FCA to engage in the activity or be exempted from such authorisation. The specified activities currently are: (a) entering into a Regulated Mortgage Contract as lender; (b) administering a Regulated Mortgage Contract ("**administering**" in this context broadly means notifying borrowers of changes in mortgage payments and/or collecting payments due under the Loan); (c) advising in respect of Regulated Mortgage Contracts; and (d) arranging in respect of Regulated Mortgage Contracts. Agreeing to carry on any of these activities is also a regulated activity. If requirements as to authorisation of lenders and brokers are not complied with, a Regulated Mortgage Contract will be unenforceable against the borrower except with the approval of a court and the unauthorised person may commit a criminal offence. An unauthorised person who carries on the regulated mortgage activity of administering a Regulated Mortgage Contract that has been validly entered into may commit an offence, although this will not render the contract unenforceable against the borrower.

Any credit agreement intended to be a Regulated Mortgage Contract under the FSMA might instead be wholly or partly regulated by the CCA or treated as such, or unregulated, and any credit agreement intended to be regulated by the CCA or treated as such, or unregulated, might instead be a Regulated Mortgage Contract under the FSMA, because of technical rules on: (a) determining whether the credit agreement or any part of it falls within the definition of "Regulated Mortgage Contract"; (b) changes to credit agreements; and (c) changes to the definition of "Regulated Mortgage Contract" introduced as part of the implementation of the Mortgage Credit Directive Order into the UK on 21 March 2016.

The current definition of a Regulated Mortgage Contract is such that if the mortgage contract was entered into on or after 21 March 2016, it will be a Regulated Mortgage Contract if it meets the following conditions (when read in conjunction with and subject to certain relevant exclusions and qualifications): (a) the borrower is an individual or trustee; and (b) the obligation of the borrower to repay is secured by a mortgage on land (i) if the contract was entered into before 31 December 2020, in the EEA (which for these purposes, includes the UK); or (ii) if the contract was entered into on or after 31 December 2020, in the UK, and at least 40 per cent. of that land is used, or is intended to be used, (1) in the case of credit provided to an individual, as or in connection with a dwelling; or (2) in the case of credit provided to a trustee which is not an individual, as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a related person. For these purposes, "land" (i) in relation to a contract entered into before IP Completion Day, means land in the UK or within the territory of an EEA State; (ii) in relation to a contract entered into on or after IP Completion Day, means land in the UK.

An unauthorised person may arrange for an authorised person to administer its Regulated Mortgage Contracts but, if that arrangement comes to an end, that unauthorised person may commit an offence if it administers the Regulated Mortgage Contracts for more than one month after the end of the arrangement, although this will not render the contract unenforceable against the borrower.

Each of the Seller and the Servicer hold authorisation and permission to enter into and to administer Regulated Mortgage Contracts. Subject to any exemption, brokers are required to hold authorisation and permission to arrange and to advise on Regulated Mortgage Contracts.

The Issuer is not and does not propose to be an authorised person under the FSMA. The Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not carry on the regulated activity of administering in relation to Regulated Mortgage Contracts by having them administered pursuant to an administration agreement by an entity having the required FCA authorisation and permission. If such administration agreement terminates or the appointment of an administrator thereunder is terminated, however, the Issuer will have a period of not more than one month in which to arrange for mortgage administration to be carried out by a replacement administrator having the required FCA authorisation and permission. In addition, no variation is permitted to be made to a Loan and no further advance or product switch is permitted to be made in relation to a Mortgage Loan where it would result in the Issuer arranging or advising in respect of, administering (servicing) or entering into a Regulated Mortgage Contract or agreeing to carry on any of these activities, if the Issuer would be required to be authorised under the FSMA to do so.

Given that the Issuer will not itself be an authorised person under the FSMA, in the event that an agreement for a Mortgage Loan is varied, such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an entity such as the Seller or the Servicer having the required FCA authorisation and permission.

If requirements as to authorisation of lenders and brokers, or as to the issue and approval of advertisements in respect of credit secured on land, are not complied with, a Regulated Mortgage Contract (or other credit secured on land, in the case of requirements as to the issue and approval of advertisements) would be unenforceable against a borrower except with the approval of a court. A borrower may be entitled to claim damages for loss suffered as a result of any contravention of an FCA rule by an authorised person. In the case of such contravention by the originator, the borrower may claim such damages against the originator, or set-off the amount of such claim against the amount owing by the borrower under the Mortgage Loan. Any such claim or set-off may adversely affect the ability of the Issuer to make payments to the Noteholders.

An unauthorised person who administers a Regulated Mortgage Contract entered into on or after N(M) may commit a criminal offence, but this will not render the Regulated Mortgage Contract unenforceable against the borrower.

Prudential and authorisation requirements placed on authorised persons in respect of regulated mortgage activities came into force on N(M), together with rules covering the extension of the appointed representatives regime (which previously applied to investment business) to mortgages.

The Issuer understands that all Mortgage Loans were originated on or after N(M). All Mortgage Loans originated on or after N(M) but before and after 21 March 2016 were intended to be Regulated Mortgage Contracts under the FSMA.

#### *Mortgage and Home Finance: Conduct of Business Sourcebook ("MCOB")*

MCOB rules came into force on 31 October 2004, under the handbook of the previous regulator, the FSA. Since 1 April 2013, these rules are located in the FCA's handbook. These rules cover, among other things, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions. If FCA requirements on authorisation and permission of lenders and brokers or on issue and approval of financial promotions are not complied with, a Regulated Mortgage Contract entered into as a consequence of such action will be unenforceable against the borrower except with the approval of a court.

Failure to comply with the provisions of MCOB will not necessarily render Regulated Mortgage Contracts unenforceable. However, breaches of the rules in MCOB are actionable by borrowers who suffer loss as a result of the contravention. A breach could therefore give rise to a claim by a borrower to set-off sums due under a Regulated Mortgage Contract. Any such set-off in relation to a Mortgage Loan in the Mortgage Portfolio may adversely affect the Issuer's ability to make payments on the Notes.

In June 2010 the previous regulator, the FSA, made changes to MCOB which effectively converted previous guidance on the policies and procedures to be applied by authorised firms with respect to forbearance in the context of Regulated Mortgage Contracts into formal mandatory rules. Under the rules, a firm is restricted from repossessing a property unless all other reasonable attempts to resolve the position have failed and, in complying with such restriction, a firm is required to consider whether, given the relevant borrower's circumstances, it is appropriate to take certain actions. Such actions refer to (amongst other things) the



extension of the term of the mortgage, product type changes and deferral of interest payments. These rules are currently in effect under the FCA's MCOB sourcebook. While the FSA had previously indicated that it does not expect each forbearance option referred to in the rules to be explored at every stage of interaction with the borrower, it is clear that the rules impose mandatory obligations on firms without regard to any relevant contractual obligations or restrictions. These rules are currently effective under the FCA handbook. As a result, the new rules may operate in certain circumstances to require BOIUK, in its capacity as Servicer, to take certain forbearance related actions which do not comply with the Transaction Documents (and, in particular, the asset servicing arrangements contemplated by such Transaction Documents) in respect of one or more Mortgage Loans and the Transaction Documents will provide that BOIUK, in its capacity as Servicer, will incur no liability as a result thereof. No assurance can be made that any such actions will not impact adversely on the Issuer's ability to make payments on the Notes, although the impact of this will depend on the number of Mortgage Loans which involve a Borrower who experiences payment difficulties.

On 10 June 2016 the FCA published their Consultation Paper, CP16/16, which considers how servicers will deal with customers experiencing a payment shortfall. CP16/16 proposed changes to how payments are allocated. On 14 December 2016, the FCA published Policy Statement PS16/25, outlining amendments to the wording of MCOB 12.4.1R on the allocation of payments received by customers with a payment shortfall and an amendment to the definition of "**payment shortfall**". The rules came into effect on 15 December 2016.

#### *FCA Mortgage Market Review*

The FCA also published its Thematic Review (TR18/1) in January 2018 on the fair treatment of existing interest-only mortgage customers. The FCA found that all lenders in the sample had made progress in the fair treatment of interest-only customers and the potential harm caused by non-repayment at maturity was reduced. The FCA will now continue to monitor the risk in this area through their regulatory data and market intelligence.

A further study was launched on areas where competition can potentially be improved for the benefit of customers. The final report (Mortgages Market Study MS16/2.3) was published in March 2019. The FCA found that there are some borrowers on a high reversionary rate who do not or cannot switch to a more affordable mortgage (the so called "**mortgage prisoners**"). On 26 March 2019, the FCA launched a consultation paper 'CP 19/14; Changes to Mortgage Responsible Lending'. In this consultation paper, the FCA set out its concerns that some consumers cannot switch to a more affordable mortgage despite being up to date with their mortgage payments. The FCA concluded that consumers in this position, or who could be in this position in the future, are suffering harm, as they are paying higher than necessary mortgage payments.

On 28 October 2019, the FCA issued a policy statement 'PS 19/27 Changes to Mortgage Responsible Lending Rules and Guidance'. This policy statement proposed to remove barriers to consumers switching to a more affordable mortgage. The FCA confirmed changes to its responsible lending rules to allow lenders to use a more proportionate affordability assessment for consumers who are up to date with their existing mortgage and want to switch to a more affordable mortgage without borrowing more. The proposals also aimed to reduce the time and costs of switching.

The FCA has also confirmed that borrowers of inactive lenders and firms not authorised for mortgage lending (who are unregulated) will have to be informed that the process is now simpler for them to switch to another lender should they wish.

Only borrowers who ended up trapped in a mortgage due to the 2008 financial crash are eligible to benefit from these relaxed rules.

A plan for transferring mortgage prisoners on to new mortgages is still being worked through by HM Treasury and the FCA.

In the fourth quarter of 2019, the UK Mortgage Prisoner Action Group launched a claim to get compensation for more than 200,000 borrowers who have been paying what they claim to be unreasonably high mortgage interest rates for the past decade since their mortgage lender has been either nationalised or loans transferred to a different lender who does not allow them to switch to a better deal. The action is brought on behalf of the current and former Northern Rock and Bradford & Bingley mortgage holders. In November 2021, the FCA published its consultation paper titled "Mortgage Prisoner Review" (CP576) (the "**Mortgage Prisoner Review**"), which provides specific data on the number of individuals identified as 'mortgage prisoners' in the UK. The Mortgage Prisoner Review has been laid before the UK Parliament with the intention that the UK

Government and wider industry may use the data set out in the Mortgage Prisoner Review to determine whether further practical and proportionate measures may be introduced to help mortgage prisoners. For more information, see the section entitled "*Risk Factors – Mortgage prisoner claims*".

COVID-19 and the cost-of-living crisis has had a significant impact on the mortgage market and regulatory expectations on switching options. For further detail, please see "*Risk factors – The regulatory consequences of COVID-19 and the rising cost of living*".

In addition to the above, the Mortgages Market Study identified the following potential harms relating to the mortgage advice and selling standards:

- (a) the FCA's rules and guidance may be a barrier to developing tools that help consumers choosing a mortgage;
- (b) consumers looking to buy an execution-only mortgage (i.e. without advice) are diverted to advice; execution-only sales channels are not always easy to use; and
- (c) many consumers are overpaying for their mortgages, even when they get advice.

In January 2020, the FCA issued its policy statement '*PS20/1 - Mortgage advice and selling standards*' following its previously published consultation paper (CP19/17).

In this policy statement, the FCA finalised its mortgage rules and guidance in the following ways:

- (a) changing the FCA Perimeter Guidance on mortgage advice to:
  - (i) making clear that tools that allow search and filtering based on objective criteria are not necessarily giving advice; and
  - (ii) more closely align the FCA's approach with the recently updated guidance on advising on retail investments;
- (b) permitting more customer interaction before firms are required to give advice;
- (c) making other changes that may help firms make execution-only sales channels easier to use;
- (d) requiring advisers to explain why they have not recommended a cheaper mortgage, where other products meet the customer's needs and circumstances;
- (e) making minor amendments to correct a cross-reference or use a gender-neutral drafting approach in the FCA Handbook text.

Changes to the FCA rules and guidance came into force on 31 January 2020. To allow firms time to adapt their process to accommodate the changes, some of the rules were subject to transitional provisions until 30 July 2020.

The FCA is intending to give consumers more choice in how they buy a mortgage by removing barriers to the development of search and filter tools from mortgage lenders and intermediaries.

Any regulatory steps arising out of this regulatory review may result in a higher rate of refinancing and repayment of Mortgage Loans, thereby resulting in earlier repayment of principal under the Notes.

#### *Other changes to mortgage regulation*

There can be no assurance that this section comprehensively describes all proposed changes to relevant regulation or that there will be no further changes to regulation that may have an effect on the mortgage market in the United Kingdom generally or specifically in relation to the Seller. Further, there can neither be assurance that regulators' interpretation of existing rules and regulations will remain unchanged nor whether any such regulator may apply such interpretations in respect of actions or conduct already undertaken. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Seller, the Issuer and/or the Servicer and their respective businesses and operations. This may adversely affect the ability of the Issuer to make payments in full on the Notes.

Given the high level of scrutiny regarding financial institutions' treatment of customers and business conduct from regulatory bodies, the media and politicians, there is a risk that certain aspects of the current or historic business of the Seller, including, amongst other things, mortgages, may be determined by the FCA and other regulatory bodies or the courts as, in their opinion, not being conducted in accordance with applicable laws or regulations, or fair and reasonable treatment.

In particular, there is currently a significant regulatory focus on the sales practices and reward structures that financial institutions have used when selling financial products. There is a risk that there may be other regulatory investigations and action against the Seller in relation to conduct and other issues that the Seller is not presently aware of, including investigations and actions against the Seller resulting from alleged mis-selling of financial products or the ongoing servicing of those financial products. The nature of any future disputes and legal, regulatory or other investigations or proceedings into such matters cannot be predicted in advance. Furthermore, the outcome of any on-going disputes and legal, regulatory or other investigations or proceedings is difficult to predict.

#### *Financial promotions regime*

The regime under the FSMA regulating financial promotions covers the content and manner of the promotion of agreements relating to qualifying credit and by whom such promotions can be issued or approved. In this respect, the FSMA financial promotions regime not only covers financial promotions of Regulated Mortgage Contracts but also promotions of certain other types of secured credit agreements under which the lender is a person (such as the Seller) who carries on the regulated activity of entering into a Regulated Mortgage Contract as lender. Failure to comply with the financial promotion regime (as regards who can issue or approve promotions) is a criminal offence and renders the Regulated Mortgage Contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court and may result in adverse effects on certain Mortgage Loans and consequently the Issuer's ability to make payment in full on the Notes when due.

#### *Product intervention rules*

The FCA has the power to render unenforceable contracts made in contravention of its product intervention rules. The FCA has the power to make product intervention rules under section 137D of the FSMA, prohibiting authorised persons from taking a number of actions, including entering into specified contracts with any person or with a specified person. The guidance in chapter 2 of the FCA's Product Intervention and Product Governance sourcebook ("**PROD**") sets out the use of its temporary product intervention rule-making powers. The FCA is normally obliged to consult the public and prepare a cost-benefit analysis before making any rules but there is an exemption to this requirement, which allows the FCA to make temporary product intervention rules ("**TPIRs**") without consultation, if it considers that it is necessary or expedient to do so. TPIRs are intended to offer protection to consumers in the short term whilst either the FCA or the industry develop more permanent solutions and, in any event, are limited to a maximum duration of 12 months. In relation to agreements entered into in breach of a product intervention rule (including a TPIR), the FCA's rules may provide (i) for the relevant agreement or obligation to be unenforceable; (ii) for the recovery of any money or other property paid or transferred under the agreement; or (iii) for the payment of compensation for any loss sustained under the relevant agreement or obligation. Were such measures to apply to the Mortgage Loans, this could adversely affect the Issuer's ability to make payments on the Notes.

In March 2013 the FCA published a policy statement "*The FCA's use of temporary product intervention rules*" that applies from 1 April 2013 addressing when and how the FCA will consider making TPIRs. The FCA will consider making TPIRs where it identifies a risk of consumer detriment arising from a product or practice and will make the rules if it deems prompt action is necessary to reduce or prevent that detriment. In particular, the FCA will consider factors such as the potential scale of detriment in the market and potential scale of detriment to individual customers, whether particular groups of customers (especially vulnerable customer groups) are more likely to suffer detriment and whether the use of TPIRs will have any unintended consequences. An exercise by the FCA of TPIRs in relation to a Mortgage Loan may, depending on the nature of the TPIR, adversely affect the ability of the Issuer to make payments in full on the Notes.

#### *Consumer Credit Acts 1974 and 2006*

Certain lending in the United Kingdom is regulated by the CCA. The regulator for credit agreements regulated by the CCA was the Office of Fair Trading (the "**OFT**") before 1 April 2014, which issued licences and guidance on conduct of business under the CCA, and is the Financial Conduct Authority (the "**FCA**") from 1 April 2014, which issues authorisation and permission and rules and guidance on conduct of business under the FSMA. The FCA is also the regulator for Regulated Mortgage Contracts under the FSMA. The licensing regime under the CCA is different from, and additional to, the regime for authorisation under the FSMA.

A credit agreement is regulated by the CCA where: (a) the borrower is or includes an "individual" as defined in the CCA; (b) if the credit agreement was made before the financial limit was removed, the amount of "credit"

as defined in the CCA does not exceed the financial limit of £25,000 for credit agreements made on or after 1 May 1998 or lower amounts for credit agreements made before that date; and (c) the credit agreement is not an exempt agreement under the CCA (for example, it is intended that a Regulated Mortgage Contract under the FSMA is an exempt agreement under the CCA).

There is a risk that any credit agreement intended to be a Regulated Mortgage Contract under the FSMA might instead be wholly or partly regulated by the CCA or treated as such, or unregulated and any credit agreement intended to be regulated by the CCA or treated as such or unregulated might instead be a Regulated Mortgage Contract, because of technical rules on (A) determining whether any credit under the CCA arises or whether any applicable financial limit of the CCA is exceeded, (B) the credit agreement is exempt under the CCA and (C) changes to credit agreements.

Any credit agreement that is wholly or partly regulated by the CCA or treated as such has to comply with requirements under the CCA as to licensing of lenders and brokers, documentation and procedures of credit agreements and (in so far as applicable) pre-contract disclosure. If it does not comply with those requirements, then to the extent that the credit agreement is regulated by the CCA or treated as such, it is unenforceable against the borrower:

- (a) without an order of the OFT, if the lender or any broker does not hold the required licence at the relevant time;
- (b) totally, if the credit agreement was made before 6 April 2007 and if the form to be signed by the borrower was not signed by the borrower personally or omits or mis-states a "prescribed term"; or
- (c) without a court order in other cases and, in exercising its discretion whether to make the order, the court would take into account any prejudice suffered by the borrower and any culpability by the lender.

A court order under Section 126 of the CCA is necessary to enforce a land mortgage securing a credit agreement to the extent that the credit agreement is regulated by the CCA or treated as such. In dealing with such application, the court has the power, if it appears just to do so, to amend a credit agreement or to impose conditions upon its performance or to make a time order (for example, giving extra time for arrears to be cleared).

Under Section 75 of the CCA, in certain circumstances the lender is liable to the borrower in relation to misrepresentation and breach of contract by a supplier in a transaction financed by a credit agreement that is wholly or partly regulated by the CCA or treated as such. In addition, a borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of a rule under the FSMA. From 1 April 2014, such rules include rules in the Consumer Credit Sourcebook ("**CONC**"). The borrower may set-off the amount of the claim against the lender under section 75 of the CCA, or for contravention of CONC, against the amount owing by the borrower under the loan or under any other loan that the borrower has taken with the lender. Any such set-off in relation to a Mortgage Loan in the Mortgage Portfolio may adversely affect the Issuer's ability to make payments on the Notes.

The Consumer Credit Act 2006 (the "**CCA 2006**"), which amends and updates the Consumer Credit Act 1974, was fully implemented by 31 October 2008.

Under the CCA 2006, the "extortionate credit" regime is replaced by an "unfair relationship" test. The unfair relationship test applies to all existing and new credit agreements except Regulated Mortgage Contracts under the FSMA. The unfair relationship test explicitly imposes liability to repay amounts received from a borrower on both the originator and any assignee such as the Issuer. In applying the new unfair relationship test, the courts will be able to consider a wider range of circumstances surrounding the transaction, including the creditor's conduct before and after making the agreement. There is no statutory definition of the word "unfair", as the intention is for the test to be flexible and subject to judicial discretion. However, the word "unfair" is not an unfamiliar term in United Kingdom legislation, due to the Unfair Contract Terms Act 1977, and the UTCCR. The courts may, but are not obliged to, look solely to the CCA 2006 for guidance. The principle of "*treating customers fairly*" under the FSMA, and guidance published by the FSA and, as of 1 April 2013, the FCA on that principle and by the OFT on the unfair relationship test may also be relevant. Once the borrower alleges that an unfair relationship exists, then the burden of proof is on the creditor to prove the contrary.

If a mortgage loan subject to the unfair relationship test is found to be unfair, the court may require the creditor to repay sums to the debtor, to do, not do or cease doing anything in relation to the agreement, reduce or discharge any sums payable by the debtor or surety, return to a surety any security provided by him, alter the terms of the agreement, direct accounts to be taken or otherwise set aside any duty imposed on the debtor or

surety. The term creditor as defined under section 189 of the CCA means the person providing the credit under a consumer credit agreement or the person to whom his rights and duties under the agreement have passed by assignment or operation of law.

An alternative dispute resolution scheme for consumer credit matters is run by the Ombudsman (as described below) and was established on 6 April 2007. The scheme is mandatory for all businesses licensed under the CCA. The OFT is given far broader powers under the CCA 2006 from 6 April 2008. For example, it can apply civil penalties, has far greater powers of investigation and can issue indefinite standard licences. For appeals against such decisions by the OFT, the CCA 2006 introduced an independent Consumer Credit Appeals Tribunal, whose functions were transferred to the General Regulatory Chamber on 1 September 2009.

To the extent that the credit agreement is regulated by the CCA or treated as such, it is unenforceable for any period when the lender fails to comply with requirements as to default notices. From 1 October 2008: (i) the credit agreement is also unenforceable for any period when the lender fails to comply with further requirements as to annual statements and arrears notices; (ii) the borrower will not be liable to pay interest or, in certain cases, default fees for any period when the lender fails to comply with further requirements as to post-contract disclosure; and (iii) interest upon default fees will be restricted to nil until the twenty-ninth day after the day on which a prescribed notice is given and then to simple interest (i.e. interest may only be calculated on the principal amount of the defaulted loan). Charges payable on any early repayment in full are restricted by a formula under the CCA, which applies to the extent that the credit agreement is regulated by the CCA or treated as such. A more restrictive formula applies to credit agreements made on or after 31 May 2005, and applies retrospectively to all existing credit agreements from 31 May 2007 or 31 May 2010 depending on their term.

Early repayment charges are restricted by a formula under the CCA, which applies to the extent that the credit agreement is regulated by the CCA or treated as such. A more restrictive formula applies generally to all such credit agreements made on or after 11 June 2010.

Such changes make it more complex to calculate permitted early repayment charges across a portfolio originated on different dates, and as such they may adversely affect the Issuer's ability to make payments in full when due to Noteholders.

The Seller has interpreted certain technical rules under the CCA in a way common with many other lenders in the mortgage market. If such interpretation were held to be incorrect by a court or by the Ombudsman, then a Mortgage Loan, to the extent that it is regulated by the CCA or treated as such, would be unenforceable as described above. If such interpretation were challenged by a significant number of Borrowers, then this could lead to significant disruption and shortfall in the income of the Issuer. Court decisions have been made on technical rules under the CCA against certain mortgage lenders, but such decisions are very few and are generally county court decisions which are not binding on other courts.

In June 2022, HM Treasury announced its intention to reform the CCA. It subsequently published a consultation paper on 9 December 2022 which aimed to gather views on the ways in which the Consumer Credit Act 1974 might be reformed and its provisions implemented through the FCA's rules. In its response to the consultation published in July 2023, HM Treasury confirmed that the reform will aim to be proportionate, aligned with current and future regulatory frameworks, forward-looking, deliverable and simplified, and that HM Treasury will consult further on the detail of the reforms in 2024. It is currently unclear what precise changes will be introduced to the regulation imposed by the Consumer Credit Act 1974 but HM Treasury have made public an intention to legislate on this topic during the course of 2023. It is not possible to predict how a change to this area of law and regulation may impact the rules laid out above, or what impact, if any, a change in those rules may have on the regulatory treatment, enforcement and income derived from the Mortgage Loans, and the ability of the Issuer to satisfy its obligations.

#### *FCA Consumer Duty*

On 31 July 2023, the FCA's rules and guidance for a "consumer duty" on regulated firms (the "**Consumer Duty**") came into effect. The Consumer Duty sets higher expectations for the standard of care that firms provide to retail clients. From 31 July 2024, the requirements of the Consumer Duty will be extended to closed products and services. The package of measures comprises a new "consumer principle" that provides for an overarching standard of conduct and a set of cross cutting rules and outcomes that set clear expectations for firms' cultures and behaviours, both underpinned by a suite of rules and guidance that set more detailed expectations for conduct outcomes relating to communications, products and services, customer service and price and value.

There are three main elements to the new Consumer Duty, comprising a new consumer principle, that requirement that "a firm must act to deliver good outcomes for the retail customers", cross-cutting rules supporting the consumer principle, and four outcomes, relating to the quality of firms' products and services, price and value, consumer understanding and consumer support.

The Consumer Duty applies not only at origination of a product but throughout its subsistence (so in the case of a mortgage loan, throughout the period the mortgage loan is outstanding). The cross-cutting rules include an obligation to avoid causing foreseeable harm to the consumer and the outcomes include an obligation to ensure that the product (for example, a mortgage loan) provides fair value to the retail customer. These obligations (as with the remainder of the Consumer Duty) must be assessed on a regular basis throughout the life of the product.

The Consumer Duty applies in respect of Regulated Mortgage Contracts (as well as loans falling within the consumer credit regime). It applies to product manufacturers and distributors, including mortgage lenders, as well as firms administering or servicing those mortgage loans. Although the Consumer Duty does not apply retrospectively, the FCA required firms to apply the Consumer Duty to existing products on a forward-looking basis. It is not yet possible to predict the precise effect of the new Consumer Duty on the Mortgage Loans with any certainty, which may result in adverse effects on the enforceability of certain Mortgage Loans and consequently the Issuer's ability to make payment in full on the Notes when due.

In addition, the continued implementation of these new rules may impose additional compliance costs, which may have a material adverse effect on the Servicer and/or the Issuer and their respective businesses and operations, which may in turn adversely affect the Issuer's ability to make payments of interest and/or principal due on the Notes.

#### *Enforcement*

Even assuming that the Properties provide adequate security for the Mortgage Loans, delays could be encountered in connection with enforcement of the Mortgages and recovery of the Mortgage Loans with corresponding delays in the receipt of related proceeds by the Issuer.

In order to realise its security in respect of a Property, the relevant mortgagee be it the legal owner (the Seller), the beneficial owner (the Issuer) or the Trustee or its appointee (if the Trustee has taken enforcement action against the Issuer) will need to obtain possession. In England and Wales, there are two means of obtaining possession for this purpose: first, by taking physical possession (seldom done in practice) and secondly, by applying for, obtaining and enforcing a court order.

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

If a mortgagee takes physical possession it will, as mortgagee in possession, have an obligation to account to the Borrower for the income obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property and, in certain circumstances, may be obliged to make improvements or may incur certain financial liabilities in respect of the Property. Actions for possession are regulated by statute and the courts have certain powers to adjourn possession proceedings, to stay any possession order or postpone the date for delivery of possession. The court will exercise such powers in favour of a Borrower, broadly, where it appears to the court that such Borrower is likely to be able, within a reasonable period, to pay any sums due under the Mortgage or to remedy any default consisting of a breach of any other obligation arising under or by virtue of the Mortgage.

Proceedings for the repossession and/or sale of the relevant property are generally initiated between three and four months after the first default of a scheduled monthly payment.

The Trustee has the absolute discretion, at any time, to refrain from taking any action under the Trust Deed or the Deed of Charge or any of the Transaction Documents including becoming a mortgagee in possession in respect of any property contained within the Mortgage Portfolio, unless it is satisfied at that time that it is

indemnified and/or secured and/or pre-funded to its satisfaction against any liability which it may incur by so acting.

The Dwelling Houses (Execution of Possession Orders by Mortgagees) Regulations 2010 came into effect on 1 October 2010 and contain new requirements for creditors to give at least 14 days' notice of their intention to execute a possession order over residential premises which have been let. Additionally, pursuant to the Mortgage Repossessions (Protection of Tenants etc.) Act 2010, a court could delay execution of possession orders for up to two months on an application by a tenant.

#### *Breathing Space Regulations*

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 came into force on 4 May 2021 (the "**Breathing Space Regulations**"). The Breathing Space Regulations establish a scheme which gives eligible individuals with debt problems the right to legal protections from creditor action for up to 60 days while they receive debt advice, as well as a separate scheme providing for borrowers receiving mental health crisis treatment to be protected by a similar moratorium for the duration of their mental health crisis treatment and then for a further 30 days following the end of such treatment. Protections under the scheme are not extended to mortgage payments on the principal and interest, but will extend to payments of mortgage arrears not capitalised and interest, fees or any other charges on those arrears. Any such moratoria may adversely affect the Issuer's ability to make payments to the Noteholders.

#### *Responsible Lending and Dealing with Customers in Arrears*

Lenders regulated by the FSMA are subject to "responsible lending" requirements in relation to Regulated Mortgage Contracts. They are obliged to take account of the borrower's ability to repay before deciding to enter into a Regulated Mortgage Contract (or to make further advances on such a contract). They must also put in place, and operate in accordance with, a written responsible lending policy.

Lenders regulated by the FSMA are subject to rules on treating customers in arrears fairly, including after the sale of repossessed property.

On 20 March 2020, the FCA issued guidance entitled 'Mortgages and coronavirus: our guidance for firms' in response to the COVID-19 pandemic in the United Kingdom and it was updated on 4 June 2020 and 16 June 2020. The FCA extended the guidance in October 2020 and issued further guidance in November 2020. Amongst other things, the FCA made clear in the guidance that it expects lenders of both owner-occupied and buy-to-let mortgage loans to act in a manner consistent with the requirements set out therein and the general principle of treating customers fairly and that includes the way it seeks to recover any sums relating to such payment holiday (including any increase in the total amount payable under the Mortgage Loan once the payment holiday has ended). On 26 August 2020, the FCA published 'Mortgages and coronavirus: Additional guidance for firms'. This guidance was updated in November 2020, January 2021 and March 2021, and the current version is entitled "Mortgage and Coronavirus: Tailored Guidance for Firms". The guidance initially only applied in the exceptional circumstances arising out of the coronavirus pandemic and its impact on the financial situation of mortgage customers but on 10 March 2023 was also extended to cases of mortgage borrowers impacted by the rising cost of living (FG 23/2). The FCA's guidance aims to ensure that firms provide support to mortgage borrowers who have benefitted from payment deferrals under the current guidance and who continue to face financial difficulties, as well as those whose financial situation may be newly affected by coronavirus after the original guidance expired or may be affected by the rising cost of living.

No assurance can be given on the impact that any such requirements or forbearance measures which may be undertaken in relation to the Mortgage Loans will have on the performance of the Mortgage Loans or the Notes, including the ability of the Issuer to satisfy its obligations to make payments of interest on the Notes. Please see "*Risk factors – The regulatory consequences of COVID-19 and the rising cost of living*" and "*Risk Factors – FCA Mortgage Market Review*" for further discussion around the FCA's expectations in relation to responsible lending throughout the COVID-19 pandemic.

#### *Consumer Rights Act 2015*

The Consumer Rights Act 2015 ("**CRA**") came into force on 1 October 2015 and applies to agreements made on or after that date. The CRA significantly reforms and consolidates consumer law in the UK. The CRA involves the creation of a single regime out of the Unfair Contract Terms Act 1977 (which essentially deals

with attempts to limit liability for breach of contract) and the UTCCR. The CRA revokes the UTCCR and introduces a new regime for dealing with unfair contractual terms as follows:

Under Part 2 of the CRA an unfair term of a consumer contract (a contract between a trader and a consumer) is not binding on a consumer (an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession). Additionally, an unfair notice is not binding on a consumer, although a consumer may rely on the term or notice if the consumer chooses to do so. A term will be unfair where, contrary to the requirement of good faith, it causes significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer. In determining whether a term is fair it is necessary to: (i) take into account the nature of the subject matter of the contract; (ii) refer to all the circumstances existing when the term was agreed; and (iii) refer to all of the other terms of the contract or any other contract on which it depends.

Schedule 2 contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 lists "a term which has the object or effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract". Although paragraph 22 provides that this does not include (i) terms by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or (ii) the amount of other charges for financial services without notice, where there is a valid reason the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately.

**Provided that** it is transparent and prominent (and does not appear on the "grey list"), a term of a consumer contract may not be assessed for fairness to the extent that: (i) it specifies the main subject matter of the contract; and/or (ii) the assessment is of the appropriateness of the price payable under the contract by comparison with the goods, digital content or services supplied under it. A trader must ensure that a written term of a consumer contract, or a consumer notice in writing, is transparent i.e. that it is expressed in plain and intelligible language and is legible.

Where a term of a consumer contract is "unfair" it will not bind the consumer. However, the remainder of the contract, will, so far as practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings have explicitly raised the issue of fairness.

The provisions in the CRA governing unfair contractual terms came into force on 1 October 2015. The Unfair Contract Terms Regulatory Guide (UNFCOG in the FCA handbook) explains the FCA's policy on how it uses its formal powers under the CRA and the CMA published guidance on the unfair terms provisions in the CRA on 31 July 2015. This new regime does not seem to be significantly different from the regime under the UTCCR. However, this area of law is rapidly developing and we can expect new regulator guidance and case law as a result of this new legislation. No assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Seller, the Issuer and their respective businesses and operations. There can be no assurance that any such changes (including changes in regulators' responsibilities) will not affect the Mortgage Loans.

#### *Case law of the ECJ on unfair terms*

ECJ case law has considered the interpretation of the Unfair Terms Directive (93/13/EEC) (which was implemented in the UK by the UTCCR) including: (i) *Nemzeti Fogyasztóvédelmi Hatóság v Invitel Távközlési Zrt* where the ECJ ruled that mandatory rules on variation and termination rights must be set out clearly in consumer contracts; (ii) *RWE Vertrieb AG v Verbraucherzentrale* which emphasises the foundations of consumer protection on inequality of bargaining power and imbalances in information.

In the case of *Árpad Kásler and Hajnalka Káslerné Rábai v OTP Jelzálogbank ZRT* the ECJ ruled that, under the Unfair Terms Directive the expression the "main subject matter of a contract" covers such a term only in so far as it lays down an essential obligation of that agreement that, as such, characterises it and that such a term, in so far as it contains a pecuniary obligation for a consumer to pay, in repayment of instalments of a loan, cannot be considered as "remuneration" the adequacy of which as consideration for a service supplied by the lender that cannot be the subject of an examination as regards unfairness. Secondly, the requirement for a contractual term to be drafted in plain intelligible language is to be understood as requiring that the relevant term should be grammatically intelligible to the consumer, so that the consumer is in a position to evaluate, on the basis of clear, intelligible criteria, the economic consequences for him that derive from it. Finally, where a



contract concluded between the seller or supplier and a consumer cannot continue in existence after an unfair term has been deleted, that provision does not preclude a rule of national law enabling the national court to cure the invalidity of that term by substituting for it a supplementary provision of national law.

Following the UK's exit from the European Union, ECJ case law will remain binding on UK courts for the most part when retained EU law is litigated, although post-Brexit ECJ case law will not be binding. As such, it remains to be seen how these judgements will impact the position in the UK. No assurance can be given that this case law will not have a material adverse effect on the Seller, the Issuer and their respective businesses and operations. There can be no assurance that this case law will not affect the Mortgage Loans.

#### *Consumer Protection from Unfair Trading Regulations 2008*

The Consumer Protection from Unfair Trading Regulations 2008 (the "CPUTRs") came into effect on 26 May 2008 and affect all contracts entered into with persons who are natural persons and acting for purposes outside their respective business. Although the CPUTRs are not concerned solely with financial services, they do apply to the residential mortgage market.

Under the CPUTRs a commercial practice is to be regarded as unfair and therefore prohibited if it is:

- (a) contrary to the standard of special skill and care which a trader may reasonably be expected to exercise towards consumers, commensurate with honest market practice and/or general principles of good faith in the trader's field of activity; and
- (b) materially distorts or is likely to materially distort the economic behaviour of the average consumer (who is reasonably well-informed and reasonably observant and circumspect, and taking into account social, cultural and linguistic factors) who the practice reaches or to whom it is addressed (or where a practice is directed at or is of a type which may affect a particular group of consumers, the average consumer of that group).

In addition to the general prohibition on unfair commercial practices, the CPUTRs contain provisions aimed at aggressive and misleading practices (including, but not limited to: (i) pressure selling; (ii) misleading marketing (whether by action or omission); and (iii) falsely claiming to be a signatory to a code of conduct) and a list of practices which will in all cases be considered unfair.

The Law Commission and the Scottish Law Commission reviewed the current private law in this area and found it to be fragmented and unclear. On 28 March 2012 the two Commissions published a report entitled "*Consumer Redress for Misleading and Aggressive Practices*", which sets out recommendations for reform.

On 14 March 2013 the European Commission (the "**Commission**") published the results of its review on the application of the Unfair Commercial Practices Directive ("**UCP**"). The Commission does not propose amending the UCP but has indicated that intensified national enforcement and reinforced cooperation in cross-border enforcement are needed. Going forward the Commission will consider how it can play a more active role in enforcement and will continue to perform in-depth reviews of how the directive works in practice.

The effect (if any) of the CPUTRs on the Mortgage Loans, the Seller or the Issuer and their respective businesses and operations will depend on whether those entities engage in any of the practices described in the CPUTRs. Whilst engaging in an unfair commercial practice does not render a contract void or unenforceable, to do so is an offence punishable by a fine and/or imprisonment. In practical terms, the CPUTRs have not added much to the regulatory requirements already in place, such as treating customers fairly and conduct of business rules. Breach of the CPUTRs would initiate intervention by a regulator and may lead to criminal sanctions.

No assurance can be given that the CPUTRs will not adversely affect the ability of the Issuer to make payments to Noteholders.

#### *Financial Services (Distance Marketing) Regulations 2004*

The Financial Services (Distance Marketing) Regulations 2004 apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by a "consumer" within the meaning of these regulations by means of distance communication (i.e. without any substantive simultaneous physical presence of the lender and the borrower). A Regulated Mortgage Contract under the FSMA (if originated by a UK lender from an establishment in the UK) will not be cancellable under these regulations but will be subject to related pre-contract disclosure requirements in MCOB. Any other credit agreement will be cancellable under these regulations, if the borrower does not receive prescribed information at the prescribed time, or in any event for certain unsecured lending.

The borrower may send notice of cancellation under these regulations at any time before the end of the fourteenth day after the day on which the cancellable agreement is made, where all the prescribed information has been received or, if later, the borrower receives the last of the prescribed information.

If the borrower cancels the credit agreement under these regulations, then: (a) the borrower is liable to repay the principal and any other sums paid by the lender to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower sending notice of cancellation or, if later, the originator receiving notice of cancellation; (b) the borrower is liable to pay interest, or any early repayment charge or other charge for credit under the cancelled agreement, only if the borrower received certain prescribed information at the prescribed time and if other conditions are met; and (c) any security is treated as never having had effect for the cancelled agreement.

The Financial Services (Distance Marketing) (Amendment and Savings Provisions) (EU Exit) Regulations 2019 was being made pursuant to powers in the EUWA to address any deficiencies in the retained EU law (the Financial Services (Distance Marketing) Regulations 2004) in relation to the distance marketing; for example, marketing carried out by telephone, email or fax for the financial services consumers. This was to ensure the legislation continues to operate effectively from the point at which the UK left the EU.

If a significant portion of the Mortgage Loans are characterised as being cancellable under these regulations, then there could be an adverse effect on the Issuer's receipts in respect of those amounts, affecting the Issuer's ability to make payments in full on the Notes when due.

#### *Financial Ombudsman Service*

Under the FSMA, the Ombudsman is required to make decisions on, *inter alia*, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all the circumstances of the case, taking into account, *inter alia*, law and guidance. Complaints brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case.

Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman.

The Seller may not be aware that a complaint has been made to the Ombudsman until it is notified of such complaint. Further, the Mortgage Loans may from time to time be the subject of a complaint where the basis of such complaint does not pertain to the validity or enforceability of such Mortgage Loan and does not affect the ability of the Seller to collect payments due in respect of such Mortgage Loan. However, as the Ombudsman is required to make decisions based on, *inter alia*, the principles of fairness and may order a money award to the borrower it is not possible to predict how any future decision of the Ombudsman could affect the ability of the Issuer to make payments to the Noteholders.

#### *English law security and insolvency considerations*

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes. If certain insolvency proceedings are commenced in respect of the Issuer, the ability of the Trustee to realise the Security may be delayed and/or the value of the Security impaired.

The provisions of the Insolvency Act allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. Although there is as yet no case law on how these provisions will be interpreted, such provisions should apply to the floating charge created by the Issuer and assignment by way of security in favour of the Trustee. However, this is partly a question of fact. If it was not possible to appoint an administrative receiver in respect of the Issuer, the Issuer would be subject to administration if it became insolvent which may lead to the realisation of the Security being delayed and/or the value of the Security being impaired.

In addition, it should be noted that, to the extent that the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the Insolvency Act certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Deed of Charge may be used to satisfy any claims of unsecured creditors. While certain of the covenants given by the Issuer in the Transaction Documents are intended to ensure it has no significant creditors other than the secured creditors under the Deed of Charge, it will be a matter of fact as to

whether the Issuer has any other such creditors at any time. There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws).

#### *Insolvency proceedings and subordination provisions*

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

The UK Supreme Court held such a subordination provision is valid under English law. Contrary to the determination of the UK Supreme Court, a US Bankruptcy Court held that such a subordination provision is unenforceable under US bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a US bankruptcy of the counterparty. In a more recent decision, the same U.S. bankruptcy court departed from certain aspects of that prior decision, finding that distributions made in accordance with such subordination provisions were protected by safe harbours in U.S. bankruptcy law. It is clear that there has been a divergence in approach both within the U.S. courts and between the U.S. courts and English courts which, in the case of an unfavourable decision in either England or New York, may adversely affect the Issuer's ability to make payments on the Notes.

If a creditor of the Issuer (such as the Fixed Rate Swap Provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the US), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents. Laws may be relevant in certain circumstances with respect to a range of entities, including US established entities and certain non-US established entities with assets or operations in the US (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a US state). In general, if a subordination provision included in the Transaction Documents (such as the subordination of the Swap Subordinated Amounts) was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of the payments due to certain parties in certain circumstances post-enforcement, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in the rating of the Class A Notes being lowered. If any rating assigned to the Class A Notes is lowered, the market value of the Notes may be adversely affected.

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

Pursuant to the terms of the Deed of Charge, the Issuer has purported to grant fixed charges over, amongst other things, its interests in the Mortgages Loans and their Related Security and its beneficial interests in the Collection Accounts.

The law in England and Wales relating to the characterisation of fixed charges is not settled. The fixed charges purported to be granted by the Issuer may take effect under English law as floating charges only, if, for example, it is determined that the Trustee does not exert sufficient control over the charged property for the security to be said to "fix" over those assets. It should be assumed by Noteholders that the fixed charges will take effect as floating charges. If the charges take effect as floating charges instead of fixed charges, then, as a matter of

law, certain claims would have priority over the claims of the Trustee in respect of the floating charge assets. In particular, the expenses of any administration, and the claims of any preferential creditors and the claims of unsecured creditors would rank ahead of the claims of the Trustee in this regard. The Enterprise Act 2002 abolished the preferential status of certain Crown debts (including the claims of the United Kingdom tax authorities). However, certain employee claims (in respect of contributions to pension schemes and wages) still have preferential status and, following the enactment of the Finance Act 2020, certain debts owed to HM Revenue & Customs have been granted secondary preferential status pursuant to the Insolvency Act 1986 (HMRC Debts: Priority on Insolvency) Regulations 2020. In this regard, it should be noted that the Issuer has agreed in the Transaction Documents not to have any employees.

In addition, any administrative receiver, administrator or liquidator appointed in respect of the Issuer will be required to set aside the prescribed percentage or percentages of the floating charge realisations in respect of the floating charges contained in the Deed of Charge (as described in more detail above under "*English law security and insolvency considerations*"). There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

#### *UK Government guarantee schemes not applicable*

The Notes are not guaranteed by the UK Government under any asset-backed securities guarantee scheme. Also, any investment in the Notes does not have the status of a bank deposit in England and Wales and is not within the scope of the UK Financial Services Compensation Scheme and accordingly, the Notes will not confer any entitlement to compensation under that scheme. As such, the Notes are obligations of the Issuer only and any potential investors should be aware that they will not be able to have recourse to any of the guarantees or compensation schemes in relation to an investment in the Notes.

#### *Equitable interest*

Legal title to the Mortgages in the Mortgage Portfolio over registered land in England and Wales is, or is in the course of being, registered in the name of the Seller. The sale by the Seller to the Issuer, of Mortgages over such land in England and Wales, will take effect in equity only. Save in the circumstances set out below, no application will be made to the Land Registry to register the Issuer as legal owner of such Mortgages. Neither the Issuer nor the Trustee will apply to the Land Registry to register their interest in such Mortgages. See "*Title to the Mortgage Portfolio*" below.

As a consequence of neither the Issuer nor the Trustee obtaining legal title to the Mortgages by not registering or recording their respective interest in the Land Registry, a *bona fide* purchaser from the Seller for value of any of such Mortgages without notice of any of the interests of the Seller, the Issuer or the Trustee (and certain similar third parties) might obtain a good title free of any such interest. Further, the rights of the Issuer and the Trustee may be or become subject to equities (for example, rights of set-off as between the relevant Borrowers or insurance companies and the Seller). These rights may result in the Issuer receiving reduced payments on the Mortgage Loans. However, the risk of third party claims obtaining priority to the interests of the Seller, the Issuer or the Trustee would be likely to be limited to circumstances arising from a breach by the Seller or the Servicer (or any delegate or replacement thereof, as the case may be) of its contractual obligations, representations or warranties or fraud, negligence or mistake on the part of the Seller or the Servicer (or any delegate or replacement thereof, as the case may be) or their respective personnel or agents. See "*Title to the Mortgage Portfolio*" below. Furthermore, for so long as neither the Issuer nor the Trustee have obtained legal title, they must join the Seller as a party to any legal proceedings which they may wish to take against any Borrower or in relation to the enforcement of any Mortgage. In this regard, the Seller will undertake, for the benefit of the Issuer and the Trustee, that it will lend its name to, and take such other steps as may reasonably be required by the Issuer or may be required by the Trustee in relation to, any legal proceeding in respect of any Mortgage. In the event that the Seller is in administration, discretionary leave of the court may be required to join the Seller as a party to such proceedings.

#### *Effect of the sale of the Mortgage Portfolio*

The Issuer has considered whether the transfer of the Mortgage Loans and Related Security pursuant to the terms of the Mortgage Sale Agreement is effective to transfer to the Issuer the beneficial ownership of (but not, without further steps being taken, the legal estate in or title to) the Mortgage Loans, Mortgages and Related Security. The Issuer has been advised that, subject to certain assumptions and qualifications, on the basis of the principles set out in *Re George Inglefield* [1933] Ch 1, as considered and applied by the Court of Appeal in *Welsh Development Agency v Export Finance Co. Ltd.* [1992] BCC 270, an English court would find the

transfer was not made by way of security and therefore would not be void against a liquidator, administrator or creditor of the Seller. If a court were to find otherwise, investors could be adversely affected.

#### *Liquidation expenses*

On 6 April 2008, a provision in the Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords' decision in the case of *Re Leyland Daf* in 2004. Accordingly, it is now the case that in general the costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency Rules 1986.

On this basis and as a result of the changes described above, in a winding up of the Issuer, floating charge realisations which would otherwise be available to satisfy the claims of Secured Creditors under the Deed of Charge may be reduced by at least a significant proportion of any liquidation expenses. There can be no assurance that the holders of the Notes will not be adversely affected by such a reduction in floating charge realisations.

#### *Risks relating to the Banking Act 2009*

The Banking Act 2009 (the "**Banking Act**") includes provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of a UK bank or building society. In addition, powers may be used in certain circumstances in respect of UK established banking group companies, where such companies are in the same group as a relevant UK or third country institution or in the same group as an EEA credit institution or investment firm.

The tools available under the Banking Act include share and property transfer powers (including powers for partial property transfers), bail-in powers, certain ancillary powers (including powers to modify certain contractual arrangements in certain circumstances) and special insolvency procedures which may be commenced by the UK authorities. It is possible that the extended tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made. Further, UK authorities have a wide discretion in exercising their powers under the special resolution regime, including modifying or setting aside any Act of Parliament by order of HM Treasury to facilitate its Banking Act objectives.

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

If an instrument or order were to be made under the Banking Act in respect of a relevant entity, such instrument or order may (amongst other things) affect the ability of such entity to satisfy its obligations under the Transaction Documents and/or result in modifications to such documents. In particular, modifications may be made pursuant to powers permitting certain trust arrangements to be removed or modified and/or via powers which permit provision to be included in an instrument or order such that the relevant instrument or order (and certain related events) is required to be disregarded in determining whether certain widely defined "default events" have occurred (which events would include certain trigger events included in the Transaction Documents in respect of the relevant entity, including termination and acceleration events). As a result, the making of an instrument or order in respect of a relevant entity may affect the ability of the Issuer to meet its obligations in respect of the Notes. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred.

As noted above, the stabilisation tools may be used in respect of certain banking group companies provided certain conditions are met. If the Issuer was regarded to be a banking group company and no exclusion applied, then it would be possible in certain scenarios for the relevant authority to exercise one or more relevant stabilisation tools (including the property transfer powers and/or the bail-in powers) in respect of it, which could result in reduced amounts being available to make payments in respect of the Notes and/or in the

modification, cancellation or conversion of any unsecured portion of the liability of the Issuer under the Notes at the relevant time. In this regard, it should be noted that the UK authorities have provided an exclusion for certain securitisation companies, which exclusion is expected to extend to the Issuer, although aspects of the relevant provisions are not entirely clear.

At present, the Authorities have not made an instrument or order under the Banking Act in respect of the relevant entities referred to above and there has been no indication that it will make any such instrument or order, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such instrument or order if made.

#### *Securitisation Company Tax Regime*

The Taxation of Securitisation Companies Regulations 2006 (the "**TSC Regulations**") (as amended) deal with the corporation tax position of securitisation companies such as the Issuer.

If the TSC Regulations apply to a company, then, broadly, it will be subject to corporation tax on the cash profit retained by it for each accounting period in accordance with the transaction documents. Based on advice received, the Issuer expects to be taxed under the special tax regime for which provision is made by the TSC Regulations.

Noteholders should note, however, that the TSC Regulations are in short-form and advisors rely significantly upon guidance that has been issued by the United Kingdom tax authorities when advising on the scope and operation of the TSC Regulations including whether any particular company falls within the regime.

If the Issuer does not (or subsequently will not) satisfy the conditions of the TSC Regulations, then, depending on the accounting treatment, the Issuer's profits or losses for tax purposes might be different from its cash position and there might be a risk of the Issuer incurring unfunded tax liabilities. In addition, the interest paid on the Issuer's Notes could be disallowed for United Kingdom corporation tax purposes which could cause a significant divergence between the cash profits and the taxable profits of the Issuer. Any unforeseen taxable profits in the Issuer could have an adverse effect on its ability to make payments to Noteholders.

#### *Impact of regulatory initiatives on certain investors*

Regulatory initiatives may result in increased regulatory capital requirements for certain investors and/or decreased liquidity in respect of the Notes. In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives position for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arranger, the Joint Lead Managers, or BOIUK makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment (or the liquidity of such investment as a result thereof) on the Closing Date or at any time in the future.

For further detail on such regulatory initiatives, please see "*Risk Factors – Implementation of and/or changes to the Basel Framework*".

#### *UK Securitisation Regulation*

The UK Securitisation Regulation has applied in the UK (subject to the temporary transitional relief being available in certain areas) from the end of the transition period on 31 December 2020. Like the EU Securitisation Regulation, the UK Securitisation Regulation also includes risk retention and transparency requirements (imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation) and due diligence requirements which are imposed, under the UK Securitisation Regulation on UK Affected Investors in a securitisation. If the due diligence requirements under the UK Securitisation Regulation are not satisfied then, depending on the regulatory requirements applicable to such UK Affected Investor, an additional risk weight, regulatory capital charge and/or other regulatory sanction may be applied to such securitisation investment and/or imposed on the UK Affected Investor.

In addition, the UK Securitisation Regulation (and in particular, Article 7) imposes certain enhanced disclosure requirements in respect of all securitisation transactions. As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus

and to the Monthly Investor Reports and the Quarterly Investor Reports that are prepared pursuant to the Cash Management Agreement and made available through the Reporting Website by the Issuer (or the Cash Manager on its behalf). For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

Aspects of the requirements of the UK Securitisation Regulation and what is or will be required to demonstrate compliance to national regulators remain unclear and are still evolving. Also, some legislative measures necessary for the full implementation of the UK Securitisation Regulation have not yet been finalised and compliance with certain requirements is subject to the application of several transitional provisions. Furthermore, the UK Securitisation Regulation regime is currently subject to review. The HM Treasury issued a report on this review in December 2021 outlining a number of potential reforms. On 9 December 2022, the UK Government announced that it is committed to working with the FCA and Prudential Regulation Authority (the "**Prudential Regulation Authority**" or "**PRA**") to bring forward relevant reforms in that report and published a policy statement "Building a smarter financial services framework for the UK" which, among other things, contemplates the repeal and replacement of the UK Securitisation Regulation (but the timing and details of such reforms are not yet known).

Some divergence between the European Union and the United Kingdom regimes already exists and the risk of further divergence in the future between the European Union and the United Kingdom regimes cannot be ruled out. In particular, legislative reforms affecting the UK Securitisation Regulation regime are being introduced under the Financial Services and Markets Act 2023 ("**FSMA 2023**") which received Royal Assent on 29 June 2023. The timing and finer details for the implementation of these reforms are not yet known, but these are expected to become clearer during the course of the latter part of 2023 and/or 2024. UK investors who are uncertain as to the requirements that will need to be complied with in order to avoid the consequences of non-compliance should seek guidance from their regulator and/or take independent advice.

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

"**UK Affected Investor**" means each of the CRR firms as defined by Article 4(1)(2A) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 as it forms part of domestic law in the United Kingdom by virtue of the EUWA, certain alternative investment fund managers which manage or market alternative investment funds in the UK, UK regulated insurers or reinsurers, certain management companies as defined in section 237(2) of FSMA, UCITS as defined by section 236A of FSMA which is an authorised open ended investment company as defined in section 237(3) of FSMA and occupational pension schemes as defined in section 1(1) of the Pension Schemes Act 1993.

Please refer to the sections entitled "*Certain Regulatory Matters — UK Securitisation Regulation and EU Securitisation Regulation*" and "*Listing and General Information*" for further information on the UK Securitisation Regulation and its implications in relation to this transaction.

#### *EU Securitisation Regulation*

The EU Securitisation Regulation applies to securitisations that fall within its scope, the securities of which are issued on or after 1 January 2019. The EU Securitisation Regulation includes risk retention and transparency requirements (imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation) and due diligence requirements imposed on EU Affected Investors in a securitisation. If the due diligence requirements under the EU Securitisation Regulation are not satisfied then, depending on the regulatory requirements applicable to such EU Affected Investor, an additional risk weight, regulatory capital charge and/or other regulatory sanction may be applied to such securitisation investment and/or imposed on the EU Affected Investor.

In addition, the EU Securitisation Regulation (and in particular, Article 7) imposes certain enhanced disclosure requirements in respect of all securitisation transactions. As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to the Monthly Investor Reports and the Quarterly Investor Reports that are prepared pursuant to the Cash

Administration Agreement and made available through the Reporting Website by the Issuer (or the Cash Manager on its behalf). For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

Potential EU investors should note that the EU Securitisation Regulation in respect of the EU Risk Retention Requirements means such regulation, standards, guidance, or statements are in effect as of the date of this Prospectus or, to the extent any amendments to such regulation, standards, guidance, or statements come into effect after the date of this Prospectus, as adopted by the Seller in its sole discretion from time to time.

The EU Risk Retention Requirements and the EU Transparency and Reporting Requirements together with all implementing regulatory and technical standards (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time) will be complied with as if such requirements were applicable in respect of the Notes from the Closing Date until such time as the Seller may certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the UK Risk Retention Requirements and UK Transparency and Reporting Requirements will also satisfy the EU Risk Retention Requirements and EU Transparency and Reporting Requirements due to the application of an equivalent regime or similar analogous concept. Potential EU Affected Investors should note that the obligation of the Seller to comply with the EU Risk Retention Requirement is strictly contractual pursuant to the terms of the Mortgage Sale Agreement and applies with respect to Article 6 of the EU Securitisation Regulation together with any binding technical standards. In addition, to the extent that Article 5 or 6 of the EU Securitisation Regulation is amended or new binding technical standards are introduced after the Closing Date, the Seller will be under no obligation to comply with such amendments or new technical standards.

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

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

Please refer to the sections entitled "*Certain Regulatory Matters — UK Securitisation Regulation and EU Securitisation Regulation*" and "*Listing and General Information*" for further information on the EU Securitisation Regulation and its implications in relation to this transaction.

#### *Implementation of and/or changes to the Basel Framework*

The Basel Committee on Banking Supervision (the "**BCBS**") approved significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as "**Basel III**"). In particular, Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio ("**LCR**") and the Net Stable Funding Ratio ("**NSFR**").

The Basel III reform package has been implemented in the EEA through the EU CRR (which entered into force on 28 June 2013) and an associated directive (the recast Capital Requirements Directive (the "**EU CRD**")) (which was required to be transposed by Member States by 31 December 2013) (together, "**EU CRD IV**"). EU CRD IV became effective in EU member states on 1 January 2014 and has become part of UK law pursuant to the EUWA. The regulation establishes a single set of harmonised prudential rules which apply directly to all credit institutions and investment firms in the EEA, with the directive containing less prescriptive provisions which are required to be transposed into national law.



Full implementation began from 1 January 2014, with particular elements being phased in over a period of time (the requirements became largely effective by 2019, although some minor transitional provisions provide for phase-in until 2024).

In December 2017, the Basel Committee issued its document "Basel III: Finalising post-crisis reforms", although the Basel standards continue to evolve.

In 2019, the banking reform package was published in the EU Official Journal. This contained, among a new regulation, Regulation (EU) 2019/876 ("**EU CRR2**"), which amends the EU CRR and a new directive, Directive 2019/878 ("**EU CRDV**"), which amends EU CRD IV. Among other things, EU CRR2, introduced measures introducing the net stable funding requirements, as provided for in Article 510(3) of the EU CRR. The measures introduced by EU CRR2 and EU CRDV have mostly already been implemented and some transitional or grandfathering provisions will continue to apply, until 2024. Many such changes took effect prior to 1 January 2021 and therefore form part of UK domestic law, pursuant to the EUWA, directly impacting UK credit institutions and certain investment firms. For other forthcoming UK regulatory changes, see below.

Meanwhile, a new prudential regulatory regime for EU investment firms (including many previously subject to the EU CRR and EU CRD regimes) came into effect across the EU in June 2021. An analogous UK regime, known as the Investment Firms Prudential Regime ("**IFPR**"), came into effect on 1 January 2022. It can be expected that laws and regulations relating to capital requirements and related prudential regulatory matters will continue to develop.

As EU CRD IV (including as amended by EU CRD V), and the new investment firm regime, allows certain national discretions, the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation.

The Basel Committee has also published revisions to the securitisation framework, including changes to the approaches to calculating risk weights and a new risk weight floor of 10 per cent. for senior tranches and 15 per cent. for non-senior tranches. Further amendments to the EU CRR were introduced by the EU Securitisation Regulation and the accompanying Regulation 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

In the UK, many of the changes discussed above had already taken effect by the end of the Brexit Transition Period and thus form part of UK domestic law, pursuant to the EUWA. The Financial Services Act 2021 received royal assent on 29 April 2021. Among other things, this act authorised the UK regulators, the PRA and FCA, to make their own rules relating to prudential regulation, these will eventually replace legacy EU regulations (such as the EU CRR) and it is under these powers that the FCA introduced its IFPR regime, discussed above. Generally, however, the PRA's forthcoming prudential regulatory rules are intended to follow the general Basel trajectory, and are not intended to achieve a radical recalibration of the inherited, but still developing, prudential regulatory regimes.

BCBS have also set an implementation date of 1 January 2023 for further reforms under Basel IV, which provides for the finalisation of the Basel III reform package and includes reforms to the standards for credit risk and operational risk, the quantification of credit valuation adjustment risk and the internal ratings-based approach. On 27 October 2021, the European Commission published its "Banking Package 2021: new EU rules to strengthen banks' resilience and better prepare for the future", which included its legislative proposal for implementing Basel IV reforms, through amendments to EU CRR2 ("**EU CRR3**") and EU CRDV ("**EU CRDVI**"). On 30 November 2022, the PRA published a consultation paper on UK implementation (CP 16/22).

The changes under EU CRD and EU CRR, Basel, and investment firm regimes and pursuant to the Financial Services Act 2021 as described above may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel framework (including the changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

*Simple, Transparent and Standardised Securitisations*

The UK Securitisation Regulation (and the Regulation (EU) No. 575/2013 as it forms part of UK domestic law by virtue of the EUWA (the "**UK CRR**")) includes provisions that implement the revised securitisation framework developed by BCBS (with adjustments) and provides, among other things, for harmonised foundation criteria and procedures applicable to securitisations seeking designation as UK STS securitisation.

The UK STS securitisation designation impacts on the potential ability of the Notes to achieve better or more flexible regulatory treatment from the perspective of the applicable UK regulatory regimes, such as the prudential regulation of UK CRR firms and UK Solvency II firms.

The Seller, in its capacity as originator for the purposes of the UK Securitisation Regulation, will submit to the FCA a UK STS notification in respect of the Notes at the time of issuance, and such UK STS notification once notified to the FCA will be available for download on the FCA STS register website.

With respect to the UK STS notification, the Seller has obtained a verification of compliance of such Notes with the UK STS requirements (the "**STS Verification**"), as well as with relevant provisions of Article 243 of the UK CRR (the "**UK CRR Assessment**") and/or Article 13 of the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 (supplementing Regulation (EU) 575/2013 with regard to the Liquidity Coverage Requirement for Credit Institutions, as amended) as it forms part of the UK domestic law by virtue of the EUWA (the "**UK LCR Regulation**") (the UK LCR Assessment, together with the UK CRR Assessment and the STS Verification, a "**UK STS Verification**"), from Prime Collateralised Securities (UK) Limited ("**PCS**"), a third party verification agent authorised under Article 28 of the UK Securitisation Regulation (an "**Authorised Verification Agent**"). It is important to note that the involvement of an authorised verification agent is not mandatory and the responsibility for compliance with the UK Securitisation Regulation remains with the relevant institutional investors, originators, sponsors, funding entities and issuers, as applicable in each case. Notwithstanding PCS's verification of compliance of a securitisation with articles 19 to 22 of the UK Securitisation Regulation, such verification by PCS does not ensure the compliance of a securitisation with the general requirements of the UK Securitisation Regulation. A UK STS Verification will not absolve such entities from making their own assessment and assessments with respect to the UK Securitisation Regulation, the relevant provisions of Article 243 of the UK CRR and/or Article 13 of the UK LCR Regulation, and a UK STS Verification cannot be relied on to determine compliance with the foregoing regulations in the absence of such assessments by the relevant entities. Furthermore, a UK STS Verification is not an opinion on the creditworthiness of the Notes nor on the level of risk associated with an investment in the Notes. It is not an indication of the suitability of the relevant notes for any investor and/or a recommendation to buy, sell or hold notes. Institutional investors that are subject to the due diligence requirements of the UK Securitisation Regulation need to make their own independent assessment and may not solely rely on any UK STS Verification, the UK STS notification or other disclosed information.

The UK STS status of the Notes is not static and investors should verify the current status on the FCA STS register website, which will be updated where the Notes are no longer considered to be UK STS following a decision of the FCA or of another relevant UK regulator or a notification by the Seller.

In addition, no assurance can be given on how the FCA will interpret and apply the UK STS requirements or other related regulations such as the UK CRR as amended by Regulation (EU) 2017/2401 as it forms part of UK domestic law by virtue of the EUWA (the "**UK CRR Amendment Regulation**") and the UK LCR Regulation.

No assurances can be provided that the securitisation transaction described in this Prospectus does or continues to qualify as a UK STS securitisation under the UK Securitisation Regulation. The relevant institutional investors are required to make their own assessment with regard to compliance of the securitisation with the UK STS requirements and such investors should be aware that noncompliance with the UK STS requirements and the change in the UK STS status of the Notes may result in the loss of better regulatory treatment of the Notes under the applicable UK regulatory regime(s), including in the case of prudential regulation, higher capital charges being applied to the Notes and may have a negative effect on the price and liquidity of the Notes in the secondary market. In addition, non-compliance may result in various sanctions and/or remedial measures being imposed on the relevant transaction parties, including the Issuer and the Seller, which may have an impact on the availability of funds to pay the Notes.

Failure by an investor to comply with any due diligence requirements applicable to it will result in various penalties, including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor.

For the avoidance of doubt, a UK STS designation in respect of any Notes does not meet, as at the date of this Prospectus, the STS requirements of the EU Securitisation Regulation (primarily due to jurisdictional requirements following the UK withdrawal from the EU), and, as such, better or more flexible regulatory treatment under the relevant EU regulatory regimes (in particular, under (i) the Capital Requirements Regulation (575/2013), (ii) Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 (supplementing Regulation (EU) 575/2013 with regard to the Liquidity Coverage Requirement for Credit Institutions, as amended) and (iii) the EU Solvency II Regulation regime) will not be available.

For the avoidance of doubt, as at the date of this Prospectus, the Notes are not capable of qualifying as an STS securitisation within the meaning of Article 18 of the EU Securitisation Regulation and consequently the Notes are not listed on the ESMA register of notes as having an EU STS designation nor is it intended that an EU STS notification will be submitted in respect of the Notes.

#### *Risks relating to U.S. Volcker Rule*

The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (iii) entering into certain relationships with such funds. The Volcker Rule became effective on 1 April 2014, but was subject to a conformance period for certain funds which concluded on 21 July 2015. Under the Volcker Rule, unless otherwise jointly determined otherwise by specified federal regulators, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

The Issuer is relying on an exclusion or exemption under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7). The Issuer has been structured so as not to constitute a "covered fund" for purposes of the Volcker Rule and its implementing regulations.

If the Issuer is considered a "covered fund", the liquidity of the market for the Notes may be materially and adversely affected, since banking entities could be prohibited from, or face restrictions in, investing in the Notes. See also "*Certain Regulatory Matters – Volcker Rule*" for more detail.

#### *U.S. Risk Retention*

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

The transaction will not involve risk retention by the Seller for the purposes of the U.S. Risk Retention Rules, but rather will be made in reliance on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitisation transaction are sold or transferred to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Prospectus as "**Risk Retention U.S. Persons**"); (3) neither the sponsor nor the issuer of the securitisation transaction is organised under the laws of the United States or any state, is an unincorporated branch of an entity organised under the laws of the United States or any state or is a branch located in the United States of an entity organised under the laws of a jurisdiction other than the United States or any state; and (4) if the sponsor or issuer is organised under the laws of a jurisdiction other than the United States, no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate of the sponsor that is organised under the laws of the United States or branch of the sponsor or issuer located in the United States.

The Transaction provides that the Notes may not be purchased by, or for the account or benefit of, Risk Retention U.S. Persons except in accordance with the exemption under Section 20 and with the prior consent of BOIUK and disclosure to the Joint Lead Managers. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is different from the definition of U.S. person under Regulation S under the Securities Act and that an investor could be a Risk Retention U.S. Person but not a U.S. person under Regulation S.

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

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

Neither the Seller nor the Issuer makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Closing Date or at any time in the future. Investors should consult their own advisors as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

#### *Corporate Insolvency and Governance Act*

The Corporate Insolvency and Governance Act ("**CIGA**") came into force on 26 June 2020. The CIGA introduces significant new corporate restructuring tools to the UK insolvency regime. The principal elements of the CIGA are a moratorium on certain actions taken against eligible companies, a prohibition on termination of certain contracts triggered by certain insolvency-related events of an eligible company (the "**ipso facto termination provisions**") and a new compromise procedure allowing for a 75% majority of creditors or members in each class to bind others in the same class even if they do not vote in favour. It is also possible for one class of creditors to bind all others, including secured creditors (a "**cross-class cram down**").

The Issuer is not expected to be an eligible company for purposes of either the moratorium provisions or of the ipso facto termination provisions of the CIGA as the Issuer is expected to be a securitisation company within the meaning of the Taxation of Securitisation Companies Regulations 2006. The Issuer is further not expected to be an eligible company for purposes of the moratorium provisions, and the Transaction Documents are not expected to be subject to the ipso facto termination provisions, because the transaction is expected to constitute a "capital market arrangement" and the Notes a "capital market investment" (each as defined under paragraphs 13 and 14 of new schedule ZA1 to the Insolvency Act introduced by CIGA). That said, if for any reason the Issuer is an eligible company for the purposes of the moratorium or the ipso facto termination provisions, or the Transaction Documents or the Notes are subject to the ipso facto termination provisions, application of these provisions could result in a material adverse effect on the ability of Noteholders to accelerate their debts and enforce the Security granted under the Deed of Charge in a timely manner, which in turn may result in material losses being incurred by Noteholders.

Further, although the Issuer is theoretically within the scope of the new cross-class cram down provisions, given the fact that it is established as an insolvency remote vehicle, with limited third party creditors and where its Secured Creditors have entered into non-petition covenants and limited recourse provisions it is unlikely to fulfil the prerequisites for the cross-class cram down to apply in practice. If, however, the cross-class cram down provisions were to be used in respect of the Issuer, it would be possible under some circumstances for 75% by value of the creditors in one class to approve a compromise and thereby "cram down" dissenting classes of creditors, which, if approved by the court, may result in material losses being incurred by Noteholders.

#### *Financing of the risk retention piece*

Any financing of the Class Z Notes may require the transfer of Class Z Notes under a repurchase agreement or a grant of a security interest over the Class Z Notes and result in the financing counterparty having enforcement rights in case of an event of default, which may include the right to appropriate or sell the Class Z Notes. In

carrying out such appropriation or sale, the financing counterparty would not be required to have regard to the UK Securitisation Regulation or the EU Securitisation Regulation and any such sale may therefore cause the Seller to be out of compliance with the UK Securitisation Regulation or the EU Securitisation Regulation. In such an event, Notes held by other investors could be subject to an increased regulatory capital charge levied by a relevant regulator with jurisdiction over any such investor, and the price and liquidity of the Notes held by an investor in the secondary market could be negatively impacted.

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

##### *Euroclear and Clearstream, Luxembourg - Book-Entry Interests*

Unless and until Definitive Notes are issued in exchange for Book-Entry Interests, holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of the Notes under the Trust Deed. After payment to the Principal Paying Agent and receipt of such payment by the nominee for the Common Safekeeper, the Issuer will not have responsibility or liability for the payment of interest, principal or other amounts in respect of the Notes to Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of Book-Entry Interests (see section entitled "*Description of the Notes in Global Form*").

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

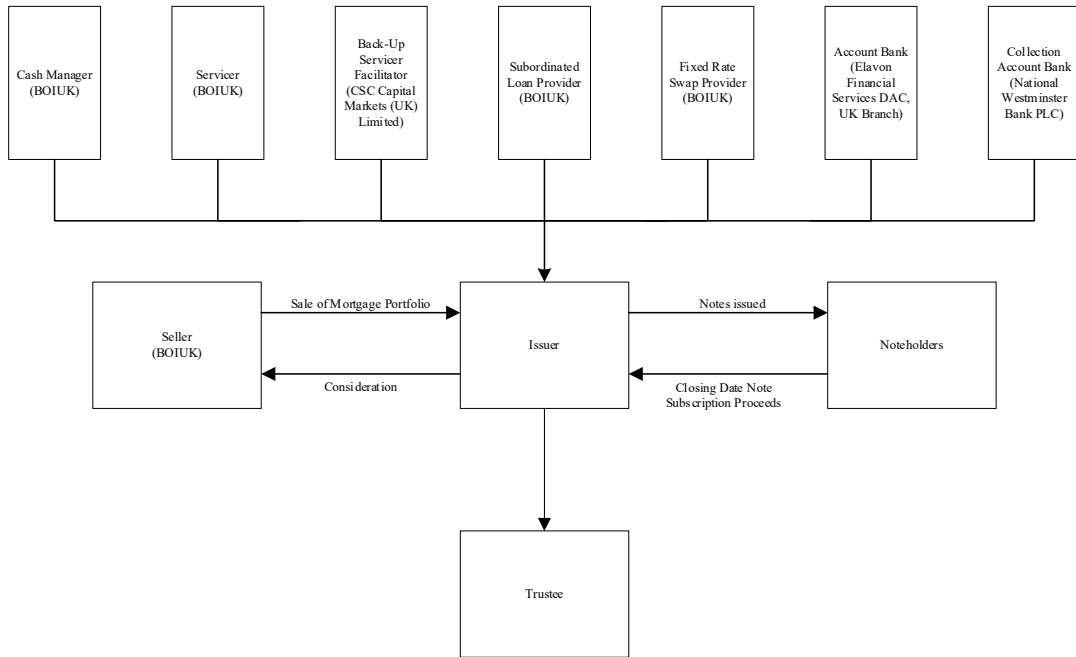
Unlike Noteholders, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by or on behalf of the Issuer for consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the relevant provisions described herein under "*Terms and Conditions of the Notes*" below. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

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

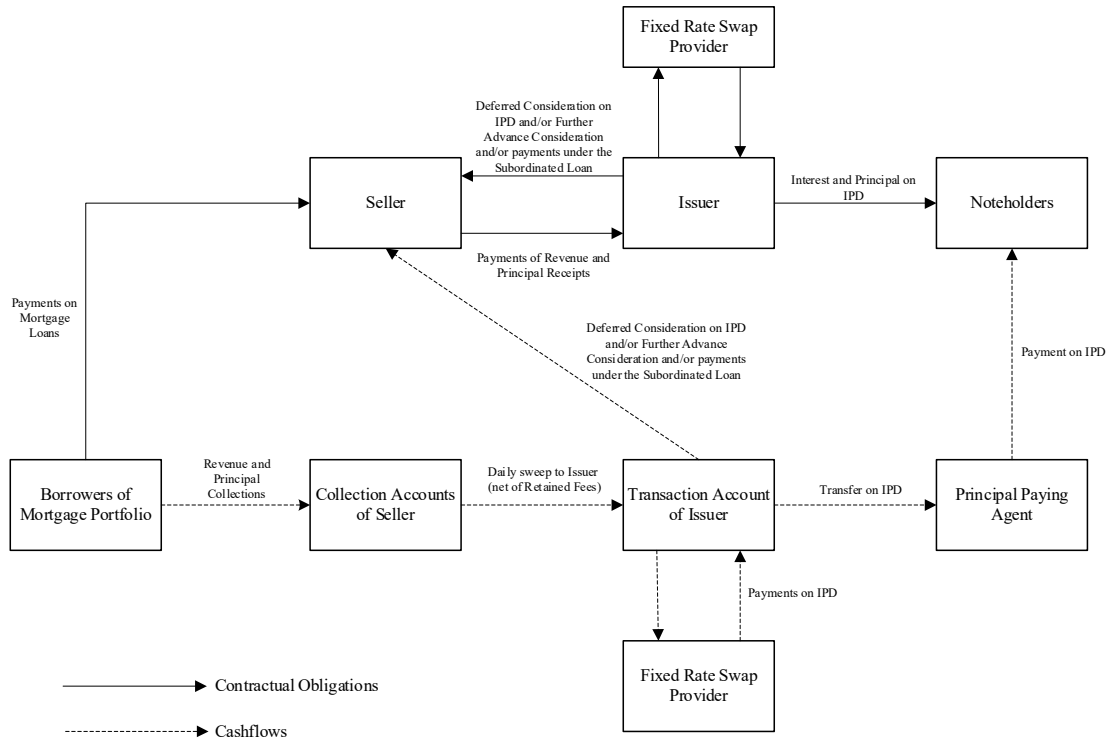
##### *Lack of physical form*

The lack of Notes in physical form could make it difficult for a Noteholder to pledge or grant any other form of security over such Notes if Notes in physical form are required by the party requiring the pledge or security, and hinder the ability of the Noteholder to resell such Notes because some investors may be unwilling to buy Notes that are not in physical form.

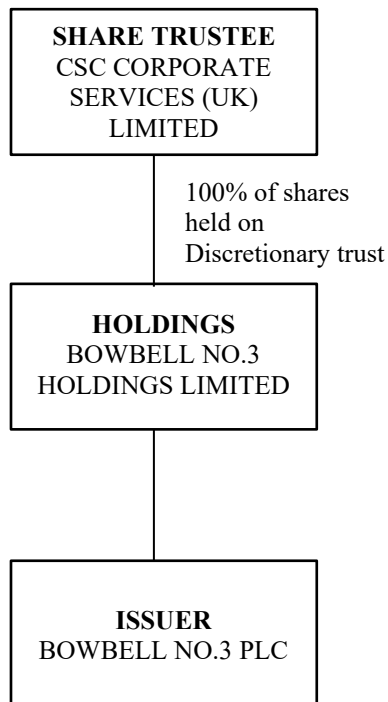
## DIAGRAMMATIC OVERVIEW OF THE TRANSACTION



## DIAGRAMMATIC OVERVIEW OF ON-GOING CASH FLOWS



## DIAGRAMMATIC OVERVIEW OF THE OWNERSHIP STRUCTURE



The above diagram illustrates the ownership structure of the special purpose companies that are parties to the Transaction Documents, as follows:

- The entire issued share capital of the Issuer is beneficially owned by Holdings.
- The entire issued share capital of Holdings is held on trust by the Share Trustee under the terms of a discretionary trust.



## TRANSACTION OVERVIEW

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

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further information</b>
<b>Issuer</b>	Bowbell No.3 PLC	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	See the sections entitled " <i>Diagrammatic overview of the ownership structure</i> " and " <i>Issuer</i> " for further information
<b>Holdings</b>	Bowbell No.3 Holdings Limited	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	See the sections entitled " <i>Diagrammatic Overview of the Ownership Structure</i> " and " <i>Holdings</i> " for further information
<b>Seller</b>	Bank of Ireland (UK) plc	Bow Bells House 1 Bread Street, London, EC4M 9BE	See the section entitled " <i>Bank of Ireland (UK) plc</i> " for further information
<b>Servicer</b>	Bank of Ireland (UK) plc	Bow Bells House 1 Bread Street, London, EC4M 9BE	Servicing Agreement See the section entitled " <i>Servicing and Cash Management</i> " for further information
<b>Back-Up Servicer Facilitator</b>	CSC Capital Markets UK Limited	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Servicing Agreement See the section entitled " <i>Servicing and Cash Management</i> " for further information
<b>Cash Manager</b>	Bank of Ireland (UK) plc	Bow Bells House 1 Bread Street, London, EC4M 9BE	Cash Management Agreement See the section entitled " <i>Cashflows and Cash Management</i> " and " <i>Key Structural Features – Cash Manager</i> " for further information
<b>Subordinated Loan Provider</b>	Bank of Ireland (UK) plc	Bow Bells House 1 Bread Street, London, EC4M 9BE	Subordinated Loan Agreement See the section entitled " <i>Key Structural Features – Subordinated Loan</i> " for further information
<b>Fixed Rate Swap Provider</b>	Bank of Ireland (UK) plc	Bow Bells House 1 Bread Street, London, EC4M 9BE	Fixed Rate Swap Agreement See the sections entitled " <i>Key Structural Features – Fixed Rate Swap Agreement</i> " and " <i>The Fixed Rate Swap Provider</i> " for further information.
<b>Account Bank</b>	Elavon Financial Services DAC, U.K. Branch	125 Old Broad Street, Fifth Floor, London, EC2N 1AR	Account Bank Agreement See the sections entitled " <i>Key Structural Features – Transaction Account</i> " for further information.
<b>Collection Account Bank</b>	National Westminster Bank plc	135 Bishopsgate, London, EC2M 3UR	N/A

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further information</b>
<b>Trustee</b>	U.S. Bank Trustees Limited	125 Old Broad Street, Fifth Floor, London, EC2N 1AR	Trust Deed and Deed of Charge See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information
<b>Transfer Agent</b>	Elavon Financial Services DAC	Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, Ireland D18 W2X7	See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information
<b>Agent Bank</b>	Elavon Financial Services DAC, U.K. Branch	125 Old Broad Street, Fifth Floor, London, EC2N 1AR	See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information
<b>Principal Paying Agent</b>	Elavon Financial Services DAC, U.K. Branch	125 Old Broad Street, Fifth Floor, London, EC2N 1AR	See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information
<b>Corporate Services Provider</b>	CSC Capital Markets UK Limited	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Corporate Services Agreement See the section entitled " <i>Issuer</i> " for further information
<b>Arranger and Joint Lead Manager</b>	Banco Santander, S.A.	Paseo de Pereda, 9-12, Santander, Spain	N/A
<b>Joint Lead Manager</b>	BofA Securities (a trading name of Merrill Lynch International)	2 King Edward Street, London EC1A 1HQ, United Kingdom	See the section entitled " <i>Subscription and Sale</i> " for further information.
<b>Share Trustee</b>	CSC Corporate Services (UK) Limited	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	See the section entitled " <i>Diagrammatic Overview of the Ownership Structure</i> "

## FULL CAPITAL STRUCTURE OF THE NOTES

	Class A	Class Z
<b>Currency</b>	£	£
<b>Initial Principal Amount</b>	£350,000,000	£33,056,000
<b>Credit Enhancement Features</b>	Subordination of Class Z Notes, General Reserve Fund and excess Available Revenue*	Excess Available Revenue*
<b>Liquidity Support Features</b>	General Reserve Fund applied to make up Revenue Shortfall and Available Principal applied to make up Remaining Revenue Shortfall	N/A
<b>Issue Price</b>	100%	100%
<b>Interest Rate</b>	Compounded Daily SONIA + Initial Margin or Step-Up Margin, as applicable	Compounded Daily SONIA + Initial Margin
<b>Initial Margin</b>	Up to and excluding the Step-Up Date, 0.58% p.a.	0% p.a.
<b>Step-Up Margin</b>	From and including the Step-Up Date, 0.87% p.a.	N/A
<b>Interest Accrual Method</b>	ACT/365 (fixed)	ACT/365 (fixed)
<b>Interest Payment Dates</b>	Interest will be payable quarterly in arrear on the Interest Payment Date falling in July, October, April and January, in each year commencing on the First Interest Payment Date, subject to the Business Day Convention.	
<b>Business Day Convention</b>	Following	Following
<b>First Interest Payment Date</b>	The Interest Payment Date falling in April 2024	The Interest Payment Date falling in April 2024
<b>First Interest Period</b>	The period from the Closing Date to the First Interest Payment Date	
<b>Step-Up Date</b>	The Interest Payment Date falling in April 2028	N/A
<b>Optional Call Dates</b>	Any Interest Payment Date falling on or after the Step-Up Date	
<b>Other Early Redemption in Full Events</b>	Clean-up call and tax call, as further described in Condition 9 ( <i>Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation</i> ).	
<b>Pre-Enforcement Redemption Profile</b>	Pass through redemption on each Interest Payment Date to the extent of Available Principal subject to and in accordance with the Pre-Enforcement Principal Payments Priorities. If the Call Option is exercised on the Step-Up Date or any Interest Payment Date thereafter, the Notes will be redeemed in full on such date. Please refer to Condition 9 ( <i>Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation</i> ).	
<b>Calculation Date</b>	The third Business Day prior to each Interest Payment Date.	
<b>Post-Enforcement Redemption Profile</b>	Pass through redemption in accordance with the Post-Enforcement Payments Priorities. Please refer to " <i>Cashflows and Cash Management</i> " below.	
<b>Final Maturity Date</b>	The Interest Payment Date falling in July 2065	The Interest Payment Date falling in July 2065
<b>Form of the Notes</b>	Registered Notes	Registered Notes
<b>Application for Listing</b>	London	London

\* On and after the Step-Up Date, any excess Available Revenue is used to make payments of principal on the Class A Notes prior to the payment of interest on the Class Z Notes.

	<b>Class A</b>	<b>Class Z</b>
<b>ISIN</b>	XS2702839858	XS2702840278
<b>Common Code</b>	270283985	270284027
<b>CFI</b>	DBVXFR	DBVXFR
<b>FISN</b>	BOWBELL NO.3 PL/VAR BD 20650416	FISN BOWBELL NO.3 PL/VAR BD 20650416
<b>Clearance/ Settlement</b>	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg
<b>Authorised Denominations</b>	£100,000 minimum denomination and £1,000 thereafter	£100,000 minimum denomination and £1,000 thereafter
<b>U.S. Regulation</b>	Reg S	Reg S
<b>Ratings (Fitch/Moody's/DBRS)</b>	AAAsf/Aaa(sf)/AAA(sf)	Not rated
<b>Closing Date</b>	14 November 2023	14 November 2023

## OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES

See the section entitled "Terms and Conditions of the Notes" for further information in respect of the terms of the Notes.

**Ranking of Payments of Interest:** Payments of interest on the Class A Notes and the Class Z Notes will be made in the following order of priority:

- (a) *first*, to the Class A Notes; and
- (b) *second*, to the Class Z Notes.

Payments of interest on the Class Z Notes will rank behind payments to replenish the General Reserve Fund and payments to reduce the debit balance (if any) on the Class A Principal Deficiency Sub-Ledger and the Class Z Principal Deficiency Sub-Ledger. In addition, on and after the Step-Up Date, payments of interest on the Class Z Notes will not be made until the Class A Notes have been redeemed in full.

The Notes within each class will rank *pro rata* and *pari passu* among themselves at all times in respect of payments of interest to be made to such class.

Any reference to a "class" of Notes or Noteholders shall be a reference to the Class A Notes or the Class Z Notes, as the case may be, or to the respective holders thereof.

**Ranking of Payments of Principal:** Payments of principal on the Class A Notes and the Class Z Notes will rank as follows:

- (a) *first*, to the Class A Notes; and
- (b) *second*, to the Class Z Notes.

The Notes within each individual class will rank *pro rata* and *pari passu* and rateably among themselves at all times in respect of payments of principal to be made to such individual class.

For a more detailed overview of the Payments Priorities, see the sections entitled "Summary of Credit Structure and Cashflow - Overview of Payments Priorities" and "Cashflows and Cash Management".

**Most Senior Class:** means:

- (a) the Class A Notes whilst they remain outstanding; and
- (b) thereafter the Class Z Notes.

**Security:** The Notes are secured, and share the same Security with other Secured Amounts of the Issuer in accordance with the Deed of Charge and Condition 6 (*Security*). The security granted by the Issuer includes:

- (a) a first fixed charge over the beneficial interest of the Issuer in the Mortgage Portfolio;
- (b) a first fixed charge over the Issuer Accounts and each Authorised Investment;
- (c) an assignment by way of security of the Issuer's benefit under each relevant Transaction Document other than the Trust Documents and the Subscription Agreement (in respect of the Fixed Rate Swap Agreement, without prejudice to, and after giving effect to, any contractual netting provisions contained in the Fixed Rate Swap Agreement);
- (d) an assignment by way of security of the Issuer's interest in the proceeds of the Insurance Policies to the extent that such proceeds relate to the Mortgage Loans and their Related Security and to the extent that any such Insurance Policies are in existence from time to time; and
- (e) a first floating charge over the Issuer's whole undertaking and all of its property, assets and rights whatsoever other than those subject to a fixed charge or assignment.

Some of the other Secured Amounts rank senior to the Issuer's obligations under the Notes in respect of the allocation of proceeds, as set out in the Pre-Enforcement Revenue Payments Priorities and the Post-Enforcement Payments Priorities.

**Interest payable on the Notes:** The interest rate applicable to each class of Notes is described in the sections entitled "*Full Capital Structure of the Notes*" and Condition 8 (*Interest*).

**Interest Deferral:** Interest due and payable on the Class A Notes may not be deferred.

Interest due and payable on the Class Z Notes may be deferred in accordance with Condition 8.11 (*Interest Deferred*).

**Withholding Tax:** None of the Issuer, the Trustee, any Agent or any other person will be obliged to gross-up payments to the Noteholders if there is any withholding or deduction for or on account of taxes from any payments made to the Noteholders.

**Redemption:** The Notes are subject to the following optional or mandatory redemption events:

- (a) mandatory redemption in whole on the Final Maturity Date, as fully set out in Condition 9.1 (*Final Redemption*);
- (b) mandatory redemption in part on any Interest Payment Date prior to the delivery of an Enforcement Notice, subject to availability of Available Principal, as fully set out in Condition 9.2 (*Mandatory Redemption in part*);
- (c) optional redemption in whole exercisable by the Issuer on any Interest Payment Date immediately following a Calculation Period where, on the last day of such Calculation Period, the aggregate Principal Balance of all the Mortgage Loans in the Mortgage Portfolio is less than or equal to 10 per cent. of the aggregate Principal Balance of the Mortgage Loans in the Mortgage Portfolio as at the Initial Mortgage Portfolio Cut-Off Date, as fully set out in Condition 9.3 (*Optional Redemption in whole*);
- (d) optional redemption in whole exercisable by the Issuer on any Interest Payment Date on or after the Step-Up Date, as fully set out in Condition 9.3 (*Optional Redemption in whole*); and
- (e) optional redemption in whole exercisable by the Issuer for tax reasons on any Interest Payment Date, as fully set out in Condition 9.4 (*Optional Redemption in whole for taxation reasons*).

Subject to the Issuer having sufficient funds available for this purpose, each Note redeemed will be redeemed in an amount equal to the Principal Amount Outstanding of the relevant Note together with any accrued (and unpaid) interest up to (but excluding) the date of redemption.

**Events of Default:** As fully set out in Condition 13 (*Events of Default*), which broadly include:

- non-payment by the Issuer of principal in respect of the Notes within 7 calendar days following the due date;
- non-payment by the Issuer of any Interest Amount on the Most Senior Class within 15 calendar days following the due date;
- breach of contractual obligations by the Issuer under the Transaction Documents which is incapable of remedy or which is, if capable of remedy, not remedied within 30 calendar days after notice of default and which is materially prejudicial to the interests of the holders of the Most Senior Class;
- an Insolvency Event occurs in relation to the Issuer; or
- it is or will become unlawful for the Issuer to perform or comply with its obligations.

**Limited Recourse:** All the Notes are limited recourse obligations of the Issuer and, if the Issuer has insufficient funds to pay all amounts in full, amounts outstanding will cease to be due and payable as described in more detail in Condition 10 (*Limited Recourse*).

**Non petition:** Only the Trustee may pursue the remedies available under the general law and under the Trust Documents to enforce the Security and no Transaction Party shall be entitled to proceed directly against the Issuer to enforce the Security as described in more detail in Condition 15 (*No action by Noteholders or any other Secured Creditor*).

**Governing  
Law:** English law.

## OVERVIEW OF RIGHTS OF NOTEHOLDERS

See the sections entitled "Terms and Conditions of the Notes" for further detail in respect of the rights of Noteholders and conditions for exercising such rights.

**Convening a meeting prior to an Event of Default:** Noteholders holding not less than 10% of the aggregate Principal Amount Outstanding of the Notes then outstanding of the relevant class are entitled to request the Trustee to hold a Meeting, subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction. Noteholders of each class are also entitled to participate in a Meeting convened by the Issuer or Trustee to consider any matter affecting their interests.

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

**Convening a meeting following an Event of Default:** If an Event of Default occurs and is continuing, the holders of the Most Senior Class may, by request in writing signed by holders of at least 25% of the Principal Amount Outstanding of the Most Senior Class or by an Extraordinary Resolution, direct the Trustee to give an Enforcement Notice to the Issuer pursuant to which the Notes of each class shall become immediately due and repayable at their respective Principal Amount Outstanding together with any accrued (and unpaid) interest, subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction.

**Noteholders meeting provisions:**

	Initial Meeting:	Adjourned meeting:
Notice period:	no less than 21 clear days (and no more than 365 clear days) for the initial meeting	no less than 10 clear days (and no more than 42 clear days) for the adjourned meeting
Quorum for Extraordinary Resolution:	One or more persons holding or representing in aggregate a majority of the Principal Amount Outstanding of the Notes then outstanding of the relevant class or classes for the initial meeting, (other than an Extraordinary Resolution regarding a Reserved Matter (which must be proposed separately to each class of Noteholders), which requires one or more persons holding or representing not less than in aggregate 75% of the Principal Amount Outstanding of the Notes then outstanding of the relevant class or classes)	One or more persons being or representing Noteholders of the relevant class or classes, whatever the Principal Amount Outstanding of the Notes then outstanding held or represented by such person(s) (other than an Extraordinary Resolution regarding a Reserved Matter (which must be proposed separately to each class of Noteholders), which requires one or more persons holding or representing not less than in aggregate 25% of the Principal Amount Outstanding of the Notes then outstanding of the relevant class or classes)
Required majority:	Not less than 75% of votes cast	Not less than 75% of votes cast
Written Resolution:	100% of the Principal Amount Outstanding of the Notes then outstanding of the relevant class or classes. A Written Resolution has the same effect as an Extraordinary Resolution.	100% of the Principal Amount Outstanding of the Notes then outstanding of the relevant class or classes. A Written Resolution has the same effect as an Extraordinary Resolution.

Every Meeting shall be held on a date, and at a time and place, approved by the Trustee provided that the place shall be a location in the United Kingdom (or, if applicable, the European Union).

**Additional Right of Modification:** Subject to certain conditions set out in Condition 17.2 (*Additional Right of Modification*), the Trustee shall be obliged, without any consent or sanction of the Noteholders, or, subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified, any of



the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to the Conditions and/or any other Transaction Document or enter into any new, supplemental or additional documents that the Issuer considers necessary:

- (a) in order to comply with, or implement or reflect, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
- (b) to enable the Issuer and/or the Fixed Rate Swap Provider to comply with its obligations under UK EMIR (or EU EMIR if applicable);
- (c) for the purpose of complying with any changes to the UK Securitisation Regulation or the EU Securitisation Regulation after the Closing Date;
- (d) for the purpose of enabling the Notes to remain listed on the London Stock Exchange;
- (e) for the purpose of enabling the Issuer or any of the other Transaction Parties to comply with FATCA;
- (f) for the purpose of complying with any changes to the requirements of the UK CRA Regulation or the EU CRA Regulation after the Closing Date;
- (g) in order to effect a Base Rate Modification; or
- (h) changing the Floating Rate Option (as defined in the Fixed Rate Swap Agreement) in respect of the Fixed Rate Swap Agreement from Compounded Daily SONIA to an alternative Floating Rate Option, as is necessary or advisable solely as a consequence of a Base Rate Modification and solely for the purpose of aligning the Floating Rate Option of the Fixed Rate Swap Agreement to the base rate of the Class A Notes following such Base Rate Modification,

provided that (amongst other things): (i) at least 30 calendar days' notice has been given to the Noteholders of any such proposed modification; (ii) the Trustee has not been contacted in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) by Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class within such notification period notifying the Trustee that such Noteholders do not consent to the modification, and (iii) (save in the case of any modification required to permit the Issuer or the Fixed Rate Swap Provider to comply with their obligations under Articles 9, 10 and 11 of UK EMIR (or EU EMIR if applicable)) the Issuer (or the Cash Manager on its behalf) (or, where applicable in accordance with the Conditions, the Fixed Rate Swap Provider or the Account Bank) either (A) obtains from each of the Rating Agencies written confirmation that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent) or (B) certifies that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent).

<b>Reserved Matters:</b>	Reserved Matters include: changes to payments (timing, method of calculation, reduction in amounts due and currency), the exchange, conversion or substitution of the Notes, changes to the Priority of Payments, changes to the quorum and majority requirements and amendments to the definition of Reserved Matter.
<b>Relationship between Classes of Noteholders:</b>	Subject to the provisions in respect of a Reserved Matter, an Extraordinary Resolution of Noteholders of the Class A Notes shall be binding on the holders of the Class Z Notes and would override any resolutions to the contrary of the Class Z Notes. A Reserved Matter requires an Extraordinary Resolution of each Class of Notes then outstanding.
<b>Seller as Noteholder:</b>	For the purpose of, <i>inter alia</i> , the right to attend and vote at any meeting of Noteholders, those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Seller, the Issuer, any holding company of the Seller or the Issuer or any other subsidiary of such holding company or of the Seller (the " <b>Relevant Persons</b> "), in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except where all of the Notes of any class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such class of Notes (the " <b>Relevant Class of Notes</b> ") shall be deemed to remain outstanding except that, if there is any other class of Notes ranking <i>pari passu</i> with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such class, then the Relevant Class of Notes shall be deemed not to remain outstanding.

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

The Trust Deed contains provisions requiring the Trustee, in the event of a conflict between the interests of the Noteholders and any other Secured Creditors, to have regard only (except where expressly provided otherwise) to the interests of the Noteholders.

**Provision of Information to the Noteholders:**

The Cash Manager will provide a Monthly Investor Report on a monthly basis and a Quarterly Investor Report in respect of each Calculation Period.

The Servicer will provide certain loan-by-loan information in relation to the Mortgage Portfolio in respect of the relevant Calculation Period to the extent 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 in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time) (as if it were applicable to the Seller). If, following the Closing Date, there are amendments or changes to the EU Transparency and Reporting Requirements and the Seller may at its sole discretion elect not to comply with the EU Transparency and Reporting Requirements as so amended or changed. In such circumstances, the Cash Manager shall, without delay, procure the publication of an inside information and significant event report in accordance with Article 7(1)(g) of the UK Securitisation Regulation and Article 7(1)(f) of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to the Seller and the Issuer) notifying that the Seller shall no longer comply with the EU Transparency and Reporting Requirements.

The Issuer will make such information available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes by publishing it:

- (a) in accordance with Article 10 of the UK Securitisation Regulation, on a securitisation repository at <https://editor.eurodw.co.uk/deals/view?edcode=RMBSUK102077500320234>; and
- (b) in respect of its obligation to comply with the EU Securitisation regulation, on a securitisation repository at <https://editor.eurodw.eu/deals/ukdeals/view?edcode=RMBSUK102077500320234> (such publication being deemed to comply with Article 10 of the EU Securitisation Regulation),

each being a website which conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation and is deemed to comply with Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Seller) respectively, 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 and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Seller) respectively (such websites being, together, the "**Reporting Websites**"). None of the reports or the websites or the contents thereof form part of this Prospectus.

**"EU Transparency and Reporting Requirements"** means (i) Article 7(1) of the EU Securitisation Regulation, (ii) Commission Implementing Regulation (EU) 2020/1225 including any relevant guidance and policy statements in relation thereto published by the EBA, the ESMA, the European Insurance and Occupational Pensions Authority ("**EIOPA**") (or their successor) or by the European Commission; and (iii) Commission Delegated Regulation (EU) 2020/1224 including any relevant guidance and policy statements in relation thereto published by the EBA, the ESMA, the EIOPA (or their successor) or by the European Commission, in each case, as in effect as of the Closing Date or, to the extent any amendments, standards, guidance, or statements come into effect after the Closing Date, as otherwise adopted by the Seller in its sole discretion. The obligation of the Seller to comply with the EU Transparency and Reporting Requirements is strictly contractual. In the event that, after the Closing Date, there are any amendments or changes to the EU Transparency and Reporting Requirements, the Seller may at its sole discretion elect not to comply with the EU Transparency and Reporting Requirements as so amended or changed. Potential EU Investors should therefore be aware that, in such circumstances, the EU Transparency and Reporting Requirements may no longer be complied with following such amendments or changes coming into effect.

**"UK Transparency and Reporting Requirements"** means (i) Article 7(1) of the UK Securitisation Regulation, (ii) Commission Implementing Regulation (EU) 2020/1225 as it forms part of the domestic law by virtue of the EUWA, including any relevant legislation, instruments, rules, policy

statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto; and (iii) Commission Delegated Regulation (EU) 2020/1224 as it forms part of the domestic law by virtue of the EUWA, including any relevant legislation, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto.

## SUMMARY OF CREDIT STRUCTURE AND CASHFLOW

Please refer to the sections entitled "Key Structural Features – Summary of Credit Enhancement and Liquidity Support" and "Cashflows and Cash Management" for further detail in respect of the credit structure and cash flow of the transaction.

### Available Receipts of the Issuer:

The Issuer will apply Available Revenue and Available Principal for the purposes of making interest payments and principal payments in respect of the Notes and paying the amounts due and payable to other parties under the Transaction Documents in accordance with the relevant Payments Priorities.

Available Revenue will comprise, for each Interest Payment Date, the following:

- (a) the Net Revenue received by the Issuer during the related Calculation Period;
  - (b) interest received by the Issuer in respect of the Transaction Account and income from any Authorised Investments during the related Calculation Period;
  - (c) amounts received by the Issuer under the Fixed Rate Swap Agreement on such Interest Payment Date (subject to certain exceptions as set out in full in the section entitled "Cashflows and Cash Management" below);
  - (d) any other income of the Issuer received during the related Calculation Period (other than interest and distributions on Swap Collateral and other than any Retained Fees);
  - (e) any General Reserve Release Amounts;
  - (f) any excess Available Principal following redemption in full of the Notes;
  - (g) any amounts released from the Servicer Failure Reserve Fund following the subsequent receipt of the relevant Servicer Reports, to the extent not required to pay or provide for a Reconciliation Amount;
  - (h) any amount of Available Principal to be applied as a credit to the Revenue Surplus Ledger in accordance with item (c) of the Pre-Enforcement Principal Payments Priorities;
  - (i) if there is a Revenue Shortfall on such Interest Payment Date, any amounts then standing to the credit of the General Reserve Ledger to the extent required to cover such Revenue Shortfall; and
  - (j) if there is a Remaining Revenue Shortfall on such Interest Payment Date, any Available Principal to the extent required to cover such Remaining Revenue Shortfall;
- plus
- (k) following a Servicer Report Failure Event and the subsequent receipt of the relevant Servicer Reports, any amount debited from the Servicer Failure Reserve Fund and/or any amount of Available

Principal applied to pay or provide for a Reconciliation Amount; and

less

- (l) following a Servicer Report Failure Event and the subsequent receipt of the relevant Servicer Reports, any amount of Available Revenue applied to pay or provide for a Reconciliation Amount.

Available Principal will include, for each Interest Payment Date:

- (a) all Principal Receipts for the related Calculation Period, comprising:
  - (i) any payment in respect of principal received in respect of any Mortgage Loan;
  - (ii) any payment received pursuant to any claim under an Insurance Policy in respect of a Property in connection with a Mortgage Loan;
  - (iii) recoveries of principal on redemption of any Mortgage Loan;
  - (iv) recoveries of principal from defaulting Borrowers on enforcement of any Mortgage Loan;
  - (v) the principal component of any Repurchase Prices;
  - (vi) any other payments received in respect of a Mortgage Loan which are not classified as Revenue Receipts (other than Retained Fees);
- (b) if applicable, any Available Revenue to be applied in reducing the debit balance of the Principal Deficiency Ledger; and
- (c) any amounts of Available Revenue to be applied on that Interest Payment Date as Available Principal, pursuant to item (k) of the Pre-Enforcement Revenue Payments Priorities;
- (d) in respect of the first Calculation Period only, any funds representing the excess of the proceeds of the issue of the Notes over the Initial Consideration;

plus

- (e) following a Servicer Report Failure Event and the subsequent receipt of the relevant Servicer Reports, any amount debited from the Servicer Failure Reserve Fund and/or any amount of Available Revenue applied to pay or provide for a Reconciliation Amount;

less

- (f) following a Servicer Report Failure Event and the subsequent receipt of the relevant Servicer Reports, any amount of Available Principal applied to pay or provide for a Reconciliation Amount;

less

- (g) the amount of Principal Receipts to the extent comprised in paragraph (a) above used by the Issuer in the immediately preceding Calculation Period to pay the Further Advance Consideration;

plus

- (h) any balance brought forward from the Principal Ledger for the previous Calculation Period.

Please refer to the section entitled "*Cashflows and Cash Management*" below.

**Overview of Payments Priorities:**

Below is an overview of the Payments Priorities:

AVAILABLE REVENUE	AVAILABLE PRINCIPAL	POST-ENFORCEMENT PAYMENTS PRIORITIES
PRE-ENFORCEMENT REVENUE PAYMENTS PRIORITIES	PRE-ENFORCEMENT PRINCIPAL PAYMENTS PRIORITIES	POST-ENFORCEMENT PAYMENTS PRIORITIES
Trustee fees, costs and expenses	Available Principal used as Available Revenue to fund any Remaining Revenue Shortfall	Trustee fees, costs and expenses
Other Senior Expenses	Class A principal amount	Other Senior Expenses
Swap Senior Amounts	Available Principal used to eliminate any debit on the Revenue Surplus Ledger	Swap Senior Amounts
Class A Interest Amount	Class Z principal amount	Class A Interest Amount and Additional Interest (if any)
Class A Principal Deficiency Sub-Ledger	Available Revenue	Class A principal amount
Replenish General Reserve Fund up to General Reserve Fund Required Amount		Class Z Interest Amount, Deferred Interest and Additional Interest (if any)
Class Z Principal Deficiency Sub-Ledger		Class Z principal amount
Issuer Profit Amount		Swap Subordinated Amounts
On and following the Step-Up Date to be applied as Available Principal (which causes a debit on the Revenue Surplus Ledger)		Issuer Profit Amount
Class Z Interest Amount, Deferred Interest and Additional Interest (if any)		Interest payment to the Subordinated Loan Provider
Swap Subordinated Amounts		Principal Payment to Subordinated Loan Provider
If a Servicer Report Failure Event has occurred, all remaining Available Revenue to the Mortgage Administrator Failure Reserve Fund		Deferred Consideration
If no Servicer Report Failure Event is continuing, interest payment to the Subordinated Loan Provider		
If no Servicer Report Failure Event is continuing, principal payment to the Subordinated Loan Provider		
If no Servicer Report Failure Event is continuing, Deferred Consideration		

See the section entitled "*Cashflows and Cash Management*" for further information on the Payments Priorities.

## Key Structural Features:

The credit enhancement, liquidity support and other key structural features of the transaction include, broadly, the following:

- availability of the General Reserve Fund, initially funded through a drawing by the Issuer under the Subordinated Loan Agreement on the Closing Date of an amount equal to £5,250,000 (being an amount equal to 1.5 per cent. of the Principal Amount Outstanding of the Class A Notes as at the Closing Date).

The General Reserve Fund will be replenished on each Interest Payment Date up to the General Reserve Fund Required Amount (being (a) on each Calculation Date, an amount equal to the greater of (i) 1.5 per cent. of the Principal Amount Outstanding of the Class A Notes on such date prior to deducting any repayments to be made on the related Interest Payment Date and (ii) the General Reserve Fund Minimum Required Amount (an amount equal £383,056 (being an amount equal to 0.1 per cent. of the Principal Balance of the Mortgage Loans in the Mortgage Portfolio on the Initial Mortgage Portfolio Cut-Off Date) and (b) zero on any date on or after the Class A Notes are fully repaid) from Available Revenue in accordance with the Pre-Enforcement Revenue Payments Priorities. The General Reserve Fund will be credited to the Transaction Account. Monies standing to the credit of the General Reserve Fund will be applied to make up any Revenue Shortfall (including to reduce any debit balance on the Class A Principal Deficiency Sub-Ledger). Where the amount standing to the credit of the General Reserve Fund is greater than the General Reserve Fund Required Amount and provided that the General Reserve Release Conditions are met or following the redemption in full of the Class A Notes, any General Reserve Release Amount will form part of Available Revenue on each Interest Payment Date;

- availability of Available Principal to make up any Remaining Revenue Shortfall;
- payments of interest on the Class Z Notes are subordinated to payments of interest on the Class A Notes and, on and following the Step-Up Date, payments of interest and principal on the Class A Notes;
- payments of principal on the Class Z Notes are subordinated to payments of principal on the Class A Notes;
- following the occurrence of a Servicer Report Failure Event, Available Revenue which would otherwise be applied to pay: (i) interest and principal in respect of the Subordinated Loan; and (ii) Deferred Consideration other than Retained Fees will instead be credited to the Servicer Failure Reserve Fund. Upon remedy of the Servicer Report Failure Event, amounts standing to the credit of the Servicer Failure Reserve Fund will be applied to pay or provide for



any Reconciliation Amounts and thereafter will form part of Available Revenue;

- investment income in respect of Authorised Investments and/or any interest paid by the Account Bank in respect of amounts deposited in the Transaction Account will be applied as Available Revenue;
- availability of the Fixed Rate Swap provided by the Fixed Rate Swap Provider to mitigate (but not eliminate) the variance between the fixed interest rates payable in respect of the Fixed Rate Loans and the floating SONIA based interest rates payable in respect of the Notes;
- during the life of the Notes, Available Revenue is expected to be sufficient to pay the Interest Amounts payable in respect of all classes of Notes and all other items ranking in priority in the relevant Payments Priorities,
- on and following the Step-Up Date, excess Available Revenue, following payment of the Issuer Profit Amount, will be applied as Available Principal in order to make principal payments on the Class A Notes in accordance with the relevant Payments Priorities. Available Revenue applied in this manner will be reflected by a debit entry in the Revenue Surplus Ledger. Available Principal, following repayment in full of the Class A Notes, shall be applied as Available Revenue, to the extent there is a debit on the Revenue Surplus Ledger (following such application, the debit balance on the Revenue Surplus Ledger will be reduced by such amount); and
- Deferred Consideration will only be payable out of Available Revenue on each Interest Payment Date if there is no Servicer Report Failure Event which is continuing, save that such portion of the Deferred Consideration that comprises Retained Fees will continue to be payable notwithstanding a Servicer Report Failure Event.

See the section entitled "*Key Structural Features – Summary of Credit Enhancement and Liquidity Support*" for further information.

**Revenue Shortfall:**

On each Calculation Date, the Cash Manager will determine whether Available Revenue (excluding amounts standing to the credit of the General Reserve Fund, other than General Reserve Fund Release Amounts and any Available Principal) is sufficient to pay or provide for payment of Senior Expenses, Swap Senior Amounts, Interest Amounts on the Class A Notes and to eliminate any debit balance on the Class A Principal Deficiency Sub-Ledger, that is, items (a) to (g) inclusive of the Pre-Enforcement Revenue Payments Priorities. To the extent that such Available Revenue is insufficient to pay such amounts in full on the immediately following Interest Payment Date (the amount of any such deficit being a "**Revenue Shortfall**"), the Cash Manager will, on such Interest Payment Date and on behalf of the Issuer, pay or provide for such

Revenue Shortfall by applying amounts standing to the credit of the General Reserve Fund.

**Remaining Revenue Shortfall:**

On each Calculation Date, the Cash Manager will determine whether Available Revenue (excluding any Available Principal but including amounts standing to the credit of the General Reserve Fund) is sufficient to pay or provide for payment of Senior Expenses, Swap Senior Amounts and Interest Amounts on the Class A Notes, that is, items (a) to (f) inclusive of the Pre-Enforcement Revenue Payments Priorities. To the extent that such Available Revenue is insufficient to pay such amounts in full on the immediately following Interest Payment Date (the amount of any such deficit being a "**Remaining Revenue Shortfall**"), the Cash Manager will, on such Interest Payment Date and on behalf of the Issuer, pay or provide for such Remaining Revenue Shortfall by applying Available Principal.

**Principal Deficiency Ledgers:**

The Class A Principal Deficiency Sub-Ledger and the Class Z Principal Deficiency Sub-Ledger will be established to record as a debit any Principal Losses and/or the use of any Available Principal to fund a Remaining Revenue Shortfall.

Principal Losses and/or any amount of Available Principal used to fund a Remaining Revenue Shortfall will be allocated to the Notes and recorded as a debit to the Principal Deficiency Ledger as follows:

- (a) *first*, to the Class Z Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class Z Notes; and
- (b) *second*, to the Class A Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class A Notes.

Available Revenue will be credited to the relevant sub-ledgers of the Principal Deficiency Ledger on each Interest Payment Date to reduce the debit balance (if any) of such sub-ledgers of the Principal Deficiency Ledger in accordance with the Pre-Enforcement Revenue Payments Priorities.

**Transaction Account and Cash Management:**

Revenue Receipts and Principal Receipts in respect of the Mortgage Loans are paid into the Collection Accounts which are in the name of GovCo UK. The Seller (and where relevant, the Servicer) is obliged to procure the transfer of collections in respect of the Mortgage Loans which represent Principal Receipts and Revenue Receipts to the Transaction Account on the Business Day following the date of collection in the case of payments made by direct debit or within two Business Days in all other cases. Any amounts representing Retained Fees will not be transferred to the Transaction Account. On or prior to each Interest Payment Date, all amounts standing to the credit of the Transaction Account on the immediately preceding Calculation Date (other than any amounts representing Swap Excluded Receipts or Third Party Amounts) will be applied as Available Revenue or Available Principal in accordance with the relevant Payments Priorities, save for:

- (a) amounts credited to the General Reserve Ledger which will be retained in the Transaction Account unless the Cash Manager determines that there is a Revenue Shortfall on such Interest Payment Date or

that the amount standing to the credit of the General Reserve Ledger exceeds the General Reserve Fund Required Amount and the General Reserve Release Conditions are met; and

- (b) following a Servicer Report Failure Event, amounts credited to the Servicer Failure Reserve Fund which will be retained in the Transaction Account until the Cash Manager determines that such amounts are to be applied to pay or provide for a Reconciliation Amount on an Interest Payment Date or, once all Reconciliation Amounts have been paid or provided for, as Available Revenue.

GovCo UK and BOIUK will, pursuant to the Collection Account Declaration of Trust, each declare a sub-trust in favour of the Issuer and other beneficiaries over the Collection Accounts listed therein. See *"Key Structural Features – Accounts and Cash Management"* for further details.

### **Summary of Key Swap Terms**

The Fixed Rate Swap Agreement has the following key commercial terms:

- Notional Amount: an amount equal to the Adjusted Fixed Rate Loan Balance in respect of the applicable Calculation Period;
- Fixed Rate payable by the Issuer: the Weighted Average Fixed Rate in respect of the applicable Calculation Period;
- Rate of interest payable by the Fixed Rate Swap Provider: Compounded Daily SONIA in respect of the applicable Interest Period plus a margin of 1.44%; and
- Frequency of payment: quarterly.

## OVERVIEW OF THE MORTGAGE PORTFOLIO

See the sections entitled "*The Mortgage Portfolio*", "*Title to the Mortgage Portfolio*", "*Statistical Information on the Provisional Mortgage Portfolio*" and "*Servicing and Cash Management*" for further information in respect of the Mortgage Portfolio.

### **Mortgage Portfolio:**

The Mortgage Portfolio will be sold to the Issuer on the Closing Date and will consist of the Mortgage Loans, the Mortgages, the other Related Security and all rights, interest, benefit, income and payments derived therefrom or in relation thereto from the Initial Mortgage Portfolio Cut-Off Date (including, for the avoidance of doubt), all Principal Receipts and Revenue Receipts received in respect of the Mortgage Portfolio during the period from the Initial Mortgage Portfolio Cut-Off Date until the Closing Date.

The Mortgage Portfolio will include Mortgage Loans originally lent by BOIUK (the "**Originator**").

The Seller will transfer its beneficial interest in the Mortgage Loans and the Related Security to the Issuer on the Closing Date pursuant to the Mortgage Sale Agreement. The legal title will only be transferred to the Issuer upon the occurrence of certain perfection events, in accordance with the provisions of the Mortgage Sale Agreement.

Each of the Mortgage Loans and its Related Security is governed by English law.

There will be no substitution of the Mortgage Loans in the Mortgage Portfolio as existing Mortgage Loans repay or are repurchased in accordance with the terms of the Mortgage Sale Agreement. See the section entitled "*The Mortgage Portfolio*" for more information.

### **Features of the Provisional Mortgage Portfolio:**

The following is a summary of certain features of the portfolio of mortgage loans on the Provisional Mortgage Portfolio Cut-Off Date selected by the Seller to sell to the Issuer (the "**Provisional Mortgage Portfolio**"). The portfolio of mortgage loans in relation to which the Seller will actually transfer the beneficial title on the Closing Date (the "**Mortgage Portfolio**") may differ from the Provisional Mortgage Portfolio due to (i) the Mortgage Loans in the Mortgage Portfolio having been selected at random from the Provisional Mortgage Portfolio until the target balance for the Mortgage Portfolio has been reached (ii) any redemptions of mortgage loans occurring or enforcement procedures being completed in each case during the period between the Initial Mortgage Portfolio Cut-Off Date and the Closing Date or (iii) if the Mortgage Loan would breach the Seller Asset Warranties to be made on the Closing Date or would on the Closing Date be an exposure in default within the meaning of Article 178(1) of UK CRR for the purposes of Article 20(11) of the UK Securitisation Regulation. However, as stated above, the benefit of all collections received in respect of Mortgage Loans in the Mortgage Portfolio during the period from the Initial Mortgage Portfolio Cut-Off Date will be for the account of the Issuer. Investors should carefully consider all further details in respect of the Provisional Mortgage Portfolio set out in "*Statistical Information on the Provisional Mortgage Portfolio*".

The mortgage loans in the Provisional Mortgage Portfolio are all secured by first priority security over 2,922 freehold and leasehold properties in England and Wales.

Type of Borrower	Prime		
Type of mortgage loan	Repayment mortgages		
Number of mortgage loans	2,922		
	<b><u>Weighted* average</u></b>	<b><u>Minimum</u></b>	<b><u>Maximum</u></b>
Principal Balance (£)	£155,575**	£634	£897,348
Indexed LTV Ratio at date of most recent advance on the mortgage loan (%)	65.60%	0.48%	94.31%
Seasoning (years)***	2.22 years	0.08 years	9.00 years
Remaining Term (years)***	25.55 years	1.08 years	34.83 years

\*Weighted by Principal Balance.

\*\*Weighted Average principal balance calculated as a simple average.

\*\*\*Seasoning and Remaining Term are calculated at sub-account level (see "Statistical Information on the Provisional Mortgage Portfolio").

See the section entitled "Statistical Information on the Provisional Mortgage Portfolio" for further information and for an explanation of the terms and figures used in the table above.

**Consideration:**

The consideration payable by the Issuer to the Seller in respect of the sale to the Issuer of the Mortgage Portfolio will be equal to the aggregate of:

- (a) the Initial Consideration, being an amount equal to the aggregate of the Principal Balance of each Mortgage Loan as at the Initial Mortgage Portfolio Cut-Off Date; and
- (b) Deferred Consideration.

The consideration from the Issuer to the Seller in respect of the sale of Further Advances will be the Further Advance Consideration, which will be met through the retention by the Seller or withdrawal from the Transaction Account of Principal Receipts available to the Issuer on the third Business Day in the calendar month following the calendar month in which any Further Advance was made (each such date a "**Further Advance Consideration Payment Date**").

The Deferred Consideration payable under the terms of the Mortgage Sale Agreement to the Seller will comprise:

- (a) on each Interest Payment Date, the excess (if any) of any Available Revenue remaining after paying or providing for items in the relevant Payments Priorities ranking in priority to item (q) of the Pre-Enforcement Revenue Payments Priorities or item (j) of the Post-Enforcement Payments Priorities (as applicable);

- (b) on any date upon which Early Repayment Charges are received into the Collection Accounts, an amount equal to such Early Repayment Charges; and
- (c) on any date upon which Fee Receipts are received into the Collection Accounts, an amount equal to such Fee Receipts.

The Seller shall be entitled to sell, assign, transfer or grant security over its rights to receive the Deferred Consideration.

Provided there is no Servicer Report Failure Event which is continuing, Deferred Consideration in the form of the excess (if any) of any Available Revenue remaining after paying or providing for items in the relevant Payments Priorities ranking in priority to item (q) of the Pre-Enforcement Revenue Payments Priorities will be due and payable by the Issuer to the Seller prior to the service of an Enforcement Notice on each Interest Payment Date, out of Available Revenue in accordance with the Pre-Enforcement Revenue Payments Priorities.

Deferred Consideration other than that comprised of Retained Fees, which will continue to be payable will be due and payable by the Issuer to the Seller following the service of an Enforcement Notice from Post-Enforcement Amounts in accordance with the Post-Enforcement Payments Priorities.

Amounts received from Borrowers as additional payments upon the prepayment of Mortgage Loans (for the avoidance of doubt, excluding the principal amount to be repaid and any Accrued Interest payable in respect of such Mortgage Loans) ("**Early Repayment Charges**") are sold to the Issuer under the Mortgage Sale Agreement. However, following their receipt in the Collection Account, an amount equal to such Early Repayment Charges will be paid to the account of the Seller as Deferred Consideration and not into the Transaction Account.

Amounts received from Borrowers in respect of specific servicing activities undertaken in respect of the Mortgage Loans following their origination in respect of which the relevant Borrower is obliged to pay a fee under the terms of the Mortgage Loan ("**Fee Receipts**") are sold to the Issuer under the Mortgage Sale Agreement. However, following their receipt in the Collection Account, such Fee Receipts will be paid to the account of the Seller as Deferred Consideration and not into the Transaction Account.

**Seller Asset Warranties:**

The Seller will make the Seller Asset Warranties to the Issuer and the Trustee in respect of the Mortgage Loans and their Related Security (a) on the Closing Date by reference to the facts and circumstances subsisting at the Closing Date except where the relevant Seller Asset Warranty is expressed to be by reference to the Initial Mortgage Portfolio Cut-Off Date, in which case it shall be given by reference to the facts and circumstances subsisting as at the Initial Mortgage Portfolio Cut-Off Date (b) (subject to certain exclusions) on the Calculation Date following the Advance Period in which any Further Advance was made, in respect of such Mortgage Loan,

as if references to the Initial Mortgage Portfolio Cut-Off Date and the Closing Date were references to the Advance Date.

The Seller Asset Warranties include the following warranties in respect of each Mortgage Loan and its Related Security:

- first ranking security in respect of properties located in England and Wales;
- maximum Principal Balance not exceeding £1,000,000;
- other than in respect of Further Advances, at least one monthly payment having been made as at the Initial Mortgage Portfolio Cut-Off Date;
- no Mortgage Loan is a Significant Deposit Loan;
- final maturity date of each Mortgage Loan is no later than the date which is two years prior to the Final Maturity Date;
- no Borrower has the right to make further drawings under any Mortgage Loan;
- no Borrowers have current rights of set-off; and
- if a Borrower was an employee or officer of the Originator at time of completion of the relevant Mortgage Loan, the terms of the Mortgage Loan were not more favourable to the Borrower than would have been the case were the Borrower not an employee or officer of the Originator.

See the section entitled "*Title to the Mortgage Portfolio – Warranties and Repurchase*" for further information and a full list of the Seller Asset Warranties.

**Repurchase of the Mortgage Loans:**

The Seller will repurchase the beneficial interest in a Mortgage Loan and its Related Security on the Repurchase Completion Date specified in the Mortgage Loan Repurchase Notice for such Mortgage Loan and its Related Security which shall be the date specified by the Seller therein (which shall be a date no later than 30 calendar days after the date thereof), upon the occurrence of any of the following:

- the relevant Mortgage Loan is the subject of a breach of a Seller Asset Warranty and has or is reasonably likely to have a material adverse effect on the Mortgage Loan, Further Advance and/or its Related Security which is not remediable or, if it is remediable, has not been rectified within 40 calendar days;
- the relevant Mortgage Loan is the subject of a Product Switch made in breach of the Product Switch Conditions which is not rectified within 30 calendar days; or
- the relevant Mortgage Loan is the subject of a Further Advance and the Further Advance Conditions are not met, a Seller Asset Warranty made in respect of such Mortgage Loan is materially untrue or the Issuer does not have sufficient principal receipts to repurchase the Further Advance (subject, in the event the Further Advance Conditions are determined to be breached or the Seller Asset Warranties determined to be untrue as of the Further Advance Satisfaction Date at a later date, a 30 Business Day remedy period).

The Seller may also, at its option, repurchase Mortgage Loans and their Related Security:

- which are not compliant with the UK Securitisation Regulation or Article 19, 20, 21 or 22 of the UK Securitisation Regulation or Article 243 of the UK CRR (or if different, the equivalent provisions in any such enacted versions of such regulations);
- are not compliant with Article 13 of the UK LCR Regulation or Article 177 of the UK Solvency II Regulation (or, in each case, if different, the equivalent provisions in any such enacted version of such regulations); or
- which are determined by the Seller to be Non-Performing Mortgage Loans.

In addition, from and including the Step-Up Date, the Seller may, at its option, purchase all (but not some only) of the Mortgage Loans at that time comprised in the Mortgage Portfolio on any Interest Payment Date.

See the section entitled "*Title to the Mortgage Portfolio*" for further information.

**Consideration for repurchase:**

The consideration payable by the Seller in respect of repurchase of a Mortgage Loan and its Related Security shall be equal to the Principal Balance plus Accrued Interest of that Mortgage Loan (including all Arrears of Interest in respect of such Mortgage Loan) as at close of business on the Business Day preceding the date of the completion of the repurchase, less the amount of any Further Advance Consideration not received in respect of a Further Advance, plus reasonable fees and expenses relating thereto, or, in the case of a Post Step-Up Date Mortgage Portfolio Repurchase, an amount equal to the Call Option Price.

**Seller Power of Attorney:**

The Seller will grant the Seller Power of Attorney to the Issuer to permit the Issuer and/or the Trustee (or any delegate of the Issuer or the Trustee), upon the occurrence of a Power of Attorney Event, to take certain actions in the name of BOIUK to, *inter alia*, ensure performance by BOIUK of its obligations as Seller under the Mortgage Sale Agreement and as Servicer under the Servicing Agreement (including its covenants to enforce rights under the Mortgage Loans and collect amounts payable under or in respect of the Mortgage Loans).

**Delegation by Servicer:**

The Servicer may, with the consent of the Issuer, or following service of an Enforcement Notice, the Trustee, delegate or sub-contract some or all of its responsibilities and obligations under the Servicing Agreement. The consent of the Issuer or, following service of an Enforcement Notice, the Trustee will not be required where such delegation is to an Affiliate of BOIUK or to relevant professionals such as receivers or lawyers in accordance with the Mortgage Policies and Procedures, or to third party document storage providers.

The Servicer remains liable at all times for servicing the Mortgage Loans and for the acts or omission of any delegate or sub-contractor. See the section entitled "*Servicing and Cash Management – Servicer Indemnity*" for further information.



## TRIGGERS TABLES

### Rating Triggers Table

Transaction Party	Required Ratings	Possible effects of Ratings Trigger being breached include the following:
Account Bank	<p>In the case of Fitch, a short-term issuer default rating of at least F1 or a long-term issuer default rating of at least A</p> <p>In the case of Moody's, a long-term deposit rating or a long-term issuer rating of at least A3</p> <p>In the case of DBRS, the higher of:                      (i) if a Critical Obligation Rating is currently maintained in respect of the Account Bank, a rating one notch below the Account Bank's Critical Obligation Rating, being a rating of "A" from DBRS, (ii) a long-term senior unsecured debt rating or issuer rating of "A" from DBRS and (iii) a long-term deposit rating of "A" from DBRS or (iv) if none of (i), (ii) or (iii) above are currently maintained or the Account Bank is not rated by DBRS, at least a DBRS Equivalent Rating of at least "A",</p> <p>or such other ratings as are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes.</p>	<p>The consequences of breach of the Ratings Trigger under the Account Bank Agreement include a requirement on the Issuer to use commercially reasonable endeavours to:</p> <ul style="list-style-type: none"> <li>(a) replace the Account Bank with a Qualified Institution and open a replacement Transaction Account or Swap Collateral Account with such entity;</li> <li>(b) obtain a guarantee of the Account Bank's obligations from a Qualified Institution; and/or</li> <li>(c) take such other action as may be acceptable to the Rating Agencies at such time,</li> </ul> <p>in each case as soon as reasonably practicable and in any event within 60 calendar days.</p>
Fixed Rate Swap Provider (or any guarantor thereof)	<p><b>Ratings Event I Required Ratings</b></p> <p>In respect of Fitch, short-term issuer default rating of at least F1 or a long-term issuer default rating of at least A.</p> <p>In respect of Moody's, (i) short-term, unsecured and unsubordinated debt or counterparty risk assessment is rated "Prime-1" or above and its long-term, unsecured and unsubordinated debt or counterparty risk assessment is rated "A2" or (ii) if its short-term, unsecured and unsubordinated debt or counterparty risk assessment is not rated by Moody's, if its long-term, unsecured and unsubordinated debt or counterparty risk assessment is rated "A2" or above by Moody's or (iii) if its long-term, unsecured and</p>	<p>The consequences of breach of the Ratings Trigger relating to the Ratings Event I Required Ratings under the Fixed Rate Swap Agreement include the requirement for the Fixed Rate Swap Provider to provide collateral or transfer its rights and obligations under the Fixed Rate Swap Agreement to a third party that has the required ratings or procure a guarantee of the Fixed Rate Swap Provider's obligations from a third party that has the rating required by the relevant Rating Agency.</p>

Transaction Party	Required Ratings	Possible effects of Ratings Trigger being breached include the following:
	<p>unsubordinated debt or counterparty risk assessment is rated equal to or higher than the highest rated outstanding Class A Notes.</p> <p>In respect of DBRS, (i) a Critical Obligation Rating by DBRS of at least "A" or, if the Fixed Rate Swap Provider has not been assigned a Critical Obligation Rating by DBRS, either (ii) a solicited public issuer rating by DBRS of at least "A" or (iii) a public solicited senior unsecured debt rating by DBRS of at least "A" or, if no such solicited public rating has been assigned by DBRS, (iv) the corresponding DBRS Equivalent Rating of at least "A" (the "<b>Initial DBRS Required Ratings</b>").</p> <p>In either case, such other ratings as are consistent with the published criteria, as of the date of the Prospectus, of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes.</p> <p><b>Ratings Event II Required Ratings</b></p> <p>In respect of Fitch, the short-term issuer default rating assigned to it by Fitch is "F3" or above if such entity is an unadjusted entity or "F2" or above if such entity is an adjusted entity or the long-term issuer default rating assigned to it by Fitch is "BBB-" or above if such entity is an unadjusted entity or "BBB+" or above if such entity is an adjusted entity (an adjusted entity being an entity which is subject to the insolvency laws of a jurisdiction in which provisions of the Pre-Enforcement Revenue Payments Priorities and the Post-Enforcement Payments Priorities that subordinate payments due to the Fixed Rate Swap Provider under the Fixed Rate Swap Agreement on its insolvency, are unenforceable and an unadjusted entity being an entity subject to the</p>	<p>Where the Fixed Rate Swap Provider does not have the Initial DBRS Required Ratings (an "<b>Initial DBRS Rating Event</b>") the Fixed Rate Swap Provider must, at its own cost, within 30 Business Days of the occurrence of such Initial DBRS Rating Event either: (a) post collateral; or (b) either (i) transfer its rights and obligations under the Fixed Rate Swap Agreement to an appropriately rated replacement third party (or a replacement third party with an eligible and appropriately rated guarantor), (ii) procure a guarantee from an appropriately rated third party, or (iii) take such other actions (which may, for the avoidance of doubt, include taking no action) as a result of which the highest rated Notes will be rated by DBRS at the same level as immediately prior to such Initial DBRS Rating Event.</p> <p>Notwithstanding the above, for so long as the highest rated Notes are rated at or below "A(high)" by DBRS, no Initial DBRS Rating Event shall be deemed to have occurred.</p> <p>Where the Fixed Rate Swap Provider does not have the Rating Event II Required Ratings that are required under the Fixed Rate Swap Agreement even where the Fixed Rate Swap Provider has provided collateral under the terms of the Fixed Rate Swap Agreement, the Fixed Rate Swap Provider shall provide, or cause to be provided, a guarantee to the Issuer from a third party that has the ratings required by the relevant Ratings Agency or transfer its rights and obligations under the Fixed Rate Swap Agreement to a third party that has the ratings required by the relevant Rating Agency.</p>

Transaction Party	Required Ratings	Possible effects of Ratings Trigger being breached include the following:
	<p>insolvency laws of a jurisdiction where such subordination is enforceable).</p> <p>In respect of Moody's, (i) if its short-term, unsecured and unsubordinated debt or counterparty risk assessment is rated "Prime-2" or above by Moody's and its long-term, unsecured and unsubordinated debt or counterparty risk assessment is rated "A3" or above by Moody's or (ii) if such entity's short-term, unsecured and unsubordinated debt or counterparty risk assessment is not rated by Moody's, if its long-term, unsecured and unsubordinated debt or counterparty risk assessment is rated "A3" or above by Moody's or (iii) if its long-term, unsecured and unsubordinated debt or counterparty risk assessment is rated equal to or higher than the highest rated outstanding Class A Notes.</p> <p>In respect of DBRS, (i) a Critical Obligation Rating by DBRS of at least "BBB" or, if the Fixed Rate Swap Provider has not been assigned a Critical Obligation Rating by DBRS, either (ii) a solicited public issuer rating by DBRS of at least "BBB" or (iii) a public solicited senior unsecured debt rating by DBRS of at least "BBB" or, if no such solicited public rating has been assigned by DBRS, (iv) the corresponding DBRS Equivalent Rating of at least "BBB" (the "<b>Subsequent DBRS Required Ratings</b>").</p> <p>In either case, such other ratings as are consistent with the published criteria, as of the date of the Prospectus, of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes.</p>	<p>Where the Fixed Rate Swap Provider does not have the Subsequent DBRS Required Ratings (a "<b>Subsequent DBRS Rating Event</b>") the Fixed Rate Swap Provider must, within 30 Business Days of such Subsequent DBRS Rating Event, on a reasonable efforts basis and at its own cost, either: (i) transfer its rights and obligations under the Fixed Rate Swap Agreement to an appropriately rated replacement third party (or a replacement third party with an eligible and appropriately rated guarantor), (ii) procure a guarantee from an appropriately rated third party, or (iii) take such other actions (which may, for the avoidance of doubt, include taking no action) as a result of which the highest rated Notes will be rated by DBRS at the same level as immediately prior to such Subsequent DBRS Rating Event, provided that in accordance with the Credit Support Annex, pending the taking of any of the actions in (i) to (iii) above, the Fixed Rate Swap Provider must post collateral within 30 Business Days of the Subsequent DBRS Rating Event.</p> <p>If none of these remedial measures is taken within the timeframes stipulated in</p>

Transaction Party	Required Ratings	Possible effects of Ratings Trigger being breached include the following:
		<p>the Fixed Rate Swap Agreement, the Fixed Rate Swap Agreement may, in certain circumstances, be terminated early and a termination payment may become payable either by the Issuer or the Fixed Rate Swap Provider.</p> <p>More detail is set out in "<i>Key Structural Features - Termination of the Fixed Rate Swap Agreement</i>".</p>

### Non-Rating Triggers Table

Nature of Trigger	Description of Trigger	Consequence of Trigger
Cash Manager Events	<p>The occurrence of any of the following (each a "<b>Cash Manager Event</b>"):</p> <p>(a) default by the Cash Manager in payment of any amount due and payable under the Cash Management Agreement where such default is unremedied for 7 Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or, following delivery of an Enforcement Notice, by the Trustee requiring the default to be remedied; or</p> <p>(b) default by the Cash Manager in the performance or observance of any of its obligations under the Cash Management Agreement and in the opinion of the Issuer (prior to the delivery of an Enforcement Notice and with the consent of the Trustee) or in the opinion of the Trustee (after the delivery of an Enforcement Notice) such default is materially prejudicial to the interests of the Secured Creditors (which determination shall be conclusive and binding on all Secured Creditors) and continues unremedied for 20 Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or, following delivery of an Enforcement</p>	<p>Following the occurrence of a Cash Manager Event, the Cash Manager's appointment may be terminated from the later of (a) the date specified in a notice of termination delivered to the Cash Manager by the Issuer or (following delivery of an Enforcement Notice) the Trustee and (b) the date on which a successor cash manager is appointed in accordance with the terms of the Cash Management Agreement.</p>

Nature of Trigger	Description of Trigger	Consequence of Trigger
	<p>Notice, by the Trustee requiring the default to be remedied; or</p> <p>(c) it is or will become unlawful for the Cash Manager to perform or comply with any of its obligations under the Cash Management Agreement; or</p> <p>(d) an Insolvency Event occurs in relation to the Cash Manager.</p>	
<p>Servicer Termination Events</p>	<p>The occurrence of any of the following:</p> <p>(a) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement or any other Transaction Document to which it is a party in its capacity as Servicer and such default continues unremedied for a period of 5 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following service of an Enforcement Notice) the Trustee requiring the same to be remedied;</p> <p>(b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations in its capacity as Servicer under the Servicing Agreement or any other Transaction Document to which it is a party, which in the opinion of the Issuer (prior to the delivery of an Enforcement Notice) or the opinion of the Trustee (after the delivery of an Enforcement Notice) is materially prejudicial to the interests of the holders of the Most Senior Class (which determinations shall be conclusive and binding on all other Secured Creditors) and such default continues unremedied for a period of 30 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following delivery of an Enforcement Notice) the Trustee, as appropriate, requiring the same to be remedied;</p>	<p>The Servicer may be terminated by notice in writing from the Issuer to the Servicer following the occurrence of a Servicer Termination Event, in accordance with the terms of the Servicing Agreement.</p> <p>The Back-Up Servicer Facilitator has undertaken in the Servicing Agreement to use its best efforts to assist the Issuer in identifying a Substitute Servicer.</p>

Nature of Trigger	Description of Trigger	Consequence of Trigger
	<p>(c) the revocation of any applicable licence, registration or regulatory permission held by the Servicer required for the Servicer to perform any of its obligations under the Servicing Agreement; or</p> <p>(d) the occurrence of an Insolvency Event in respect of the Servicer.</p>	
<p>Servicer Report Failure Event</p> <p>See the section entitled "<i>Key Structural Features - certain Available Revenue to be credited to the Servicer Failure Reserve Fund following a Servicer Report Failure Event</i>" for further information.</p>	<p>The Servicer has failed to deliver a Servicer Report in accordance with the Servicing Agreement and such failure is continuing.</p>	<p>Following the calculation of Revenue Receipts and Principal Receipts in accordance with Condition 8.12 (<i>Determinations and Reconciliation</i>), Available Revenue which would otherwise be applied in payment of: (i) interest and principal in respect of the Subordinated Loan; and (ii) the portion of the Deferred Consideration that would otherwise have been payable to the Seller pursuant to item (q) of the Pre-Enforcement Revenue Payments Priorities will be credited instead to the Servicer Failure Reserve Fund.</p>

## FEES

The following table sets out the on-going fees to be paid by the Issuer to the Transaction Parties, and the expenses related to the admission to trading of the Notes.

<u>Type of Fee</u>	<u>Amount of Fee</u>	<u>Priority in Cashflow</u>	<u>Frequency</u>
Servicer fees	0.13 per cent. per annum (inclusive of VAT, if any) of the aggregate Principal Balance of the Mortgage Loans as of the open of business the first day of the immediately preceding Calculation Period	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Cash Manager fees	0.02 per cent. per annum (inclusive of VAT, if any) of the aggregate Principal Balances of the Mortgage Loans as at the first day of the related preceding Calculation Period.	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Other fees and expenses of the Issuer	Estimated at £150,000 per annum (exclusive of VAT)	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date

VAT is currently chargeable at 20%.

## CERTAIN REGULATORY MATTERS

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

Please refer to "*Risk Factors – Impact of regulatory initiatives on certain investors*" for more information.

### **UK Securitisation Regulation and EU Securitisation Regulation**

#### *Risk Retention*

The Seller will undertake to the Issuer and the Trustee, on behalf of the Noteholders, to retain a material net economic interest of not less than 5 per cent. of the nominal value of the securitised exposures in the securitisation comprised in the Transaction Documents as an originator in accordance with the text of Article 6 by way of a retention in accordance with Article 6(3)(d) of the UK Securitisation Regulation and (on a contractual basis) Article 6(3)(d) of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation (not taking into account any relevant national measures)) as if it were applicable to it, but solely as such articles are interpreted and applied on the date of the Prospectus, however, to the extent of any amendments, standards, guidance or statements that come into effect after the date of this Prospectus, as may be adopted by the Seller in its sole discretion. The Seller will confirm its ongoing retention of the net economic interest described above in the Monthly Investor Reports and any change to the manner in which such interest is held will be notified to Noteholders.

As at the Closing Date the retention will comprise the Seller holding the Class Z Notes as required by the text of Article 6(1) and in accordance with Article 6(3)(d) of the UK Securitisation Regulation and Article 6(3)(d) of the EU Securitisation Regulation (as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation (not taking into account any relevant national measures)) as in force, interpreted and applied as at the Closing Date only or to the extent such regulation is amended after the Closing Date as adopted by the Seller in its discretion from time to time. As to the information to be made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Closing Date, to the Monthly Investor Reports and the Quarterly Investor Reports provided to the Noteholders pursuant to the Cash Management Agreement and made available on the Reporting Websites. The Reporting Websites and the contents thereof do not form part of this Prospectus.

The Seller will undertake in the Mortgage Sale Agreement (in favour of the Trustee on behalf of the Secured Creditors) and has undertaken in the Subscription Agreement (in favour of the Joint Lead Managers) that it will, whilst any of the Notes remain outstanding:

- (a) retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the nominal value of the securitised exposures comprised in the securitisation in accordance with the text of Article 6(1) by way of a retention in accordance with Article 6(3)(d) of the UK Securitisation Regulation and Article 6(3)(d) of the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time);
- (b) not change the manner or form in which it retains such net economic interest, except to the extent permitted or required under the UK Securitisation Regulation and the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time);
- (c) not transfer, sell or hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to such net economic interest, except to the extent permitted or required under the UK Securitisation Regulation and the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time);
- (d) promptly notify the Arranger, the Joint Lead Managers and the Issuer if for any reason it (i) ceases to hold the retention in accordance with the requirements of the Mortgage Sale Agreement and the Subscription Agreement or (ii) fails to comply with the covenants set out in the Mortgage Sale Agreement and the Subscription Agreement in respect of the retention; and



- (e) comply with the disclosure obligations described in (i) Article 7(1)(e)(iii) of the UK Securitisation Regulation and (ii) Article 7(1)(e)(iii) of the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time), by confirming its risk retention as contemplated by Article 6(1) of the UK Securitisation Regulation and Article 6(1) of the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time), in each case, through the provision of the information in this Prospectus, disclosure in the Monthly Investor Reports and Quarterly Investor Reports (as prepared by the Cash Manager) and procuring provision to the Issuer of access to any reasonable and relevant additional data and information referred to in (i) Article 7(1)(e)(iii) of the UK Securitisation Regulation and (ii) Article 7(1)(e)(iii) of the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time) (subject to all applicable laws),

provided always that the Seller will not be in breach of this undertaking if due to events, actions or circumstances beyond the Seller's control, the Seller is not able to comply with such undertaking (such undertaking, the "**Risk Retention Undertaking**"). The EU Risk Retention Requirements (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time) together with all implementing regulatory and technical standards will be complied with as if such requirements were applicable in respect of the Notes from the Closing Date until such time as the Seller may certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the UK Risk Retention Requirements will also satisfy the EU Risk Retention Requirements due to the application of an equivalent regime or similar analogous concept. In addition, contractual compliance will only be undertaken as of the Closing Date and to the extent that Article 6 of the EU Securitisation Regulation is amended or new binding technical standards are introduced, the Seller will be under no obligation to comply with such amendments.

#### *Transparency and Reporting Requirements*

With regard to the UK Transparency and Reporting Requirements, the relevant regulatory and implementing technical standards, including the standardised templates adopted by the FCA which set out the form in which the relevant reporting entity is required to comply with certain of the periodic reporting requirements (the "**UK Disclosure Templates**"), the Issuer will comply with such UK Transparency and Reporting Requirements and will make use of such UK Disclosure Templates.

With regard to the EU Transparency and Reporting Requirements, the relevant regulatory and implementing technical standards, including the standardised templates developed by ESMA which set out the form in which the relevant reporting entity is required to comply with certain of the periodic reporting requirements (the "**ESMA Disclosure Templates**") in connection with the EU Securitisation Regulation came in force in September 2020, the Issuer will make use of such ESMA Disclosure Templates.

The EU Transparency and Reporting Requirements under the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time) together with all implementing regulatory and technical standards will be complied with as if such requirements were applicable in respect of the Notes from the Closing Date until such time as the Seller may certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the UK Transparency and Reporting Requirements will also satisfy the EU Transparency and Reporting Requirements due to the application of an equivalent regime or similar analogous concept.

The obligation of the Seller to comply with the EU Transparency and Reporting Requirements is strictly contractual. If, after the Closing Date, there are any amendments or changes to the EU Transparency and Reporting Requirements the Seller may at its sole discretion elect not to comply with the EU Transparency and Reporting Requirements as so amended or changed. Consequently, investors should note that, in such circumstances, the EU Transparency and Reporting Requirements may no longer be complied with following such amendments or changes coming into effect. In the event that the Seller elects not to comply with the EU Transparency and Reporting Requirements following any such amendments or changes coming into effect, the Cash Manager shall, without delay and prior to the amendments to the EU Transparency and Reporting Requirements coming into effect, procure the publication of an inside information and significant event report in accordance with Article 7(1)(g) of the UK Securitisation Regulation and Article 7(1)(f) of the EU

Securitisation Regulation (as if such regulation was applicable to it) notifying that, as from the date the new requirements take effect, the Seller shall no longer comply with the EU Transparency and Reporting Requirements.

Affected EU investors may therefore no longer be able to satisfy their obligations under Article 5 of the EU Securitisation Regulation and any corresponding national measures. Each EU investor is required to independently assess and determine the sufficiency of the information described above and in the Prospectus generally for the purposes of complying with Article 5 of the EU Securitisation Regulation and any corresponding national measures which may be relevant to investors and none of the Issuer, the Arranger, the Joint Lead Managers, the Seller or any of the other Transaction Parties makes any representation that any such information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes.

#### *Compliance with UK and EU risk retention requirements*

Investors should be aware of the due diligence requirements in respect of various types of institutional investors with a UK nexus. Amongst other things, such requirements restrict a UK institutional investor (other than the originator, sponsor, or original lender) from investing in asset-backed securities unless (i) that UK investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including the position of its note in the relevant priorities of payment and the structural features of the securitisation and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that, amongst other things, it will retain, on an on-going basis, a qualifying material net economic interest of not less than 5 per cent. in respect of the relevant securitisation determined in accordance with Article 6 of the UK Securitisation Regulation.

A UK institutional investor (other than the originator, sponsor or original lender) holding a securitisation position shall at least establish appropriate written procedures that are proportionate to the risk profile of the securitisation position and, where relevant, to the institutional investor's trading and non-trading book, in order to monitor, on an ongoing basis, compliance with its due diligence requirements and the performance of the securitisation position and of the underlying exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear and are still evolving. UK investors who are uncertain as to the requirement that will need to be complied with in order to avoid the consequences of non-compliance should seek guidance from their regulator.

The risk retention and due diligence requirements under the UK Securitisation Regulation described above apply in respect of the Notes, to the commitment of the Seller to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer or another relevant party (or, after the Closing Date, by the Cash Manager, and/or the Servicer on the Issuer's behalf).

Each prospective investor who is subject to the UK Securitisation Regulation is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Article 5 of the UK Securitisation Regulation and any relevant national measures which may be relevant.

Similarly, investors should be aware of the due diligence requirements in respect of various types of institutional investors with an EU nexus. Amongst other things, the EU Securitisation Regulation restricts an EU institutional investor (other than the originator, sponsor, or original lender) from investing in asset-backed securities unless (i) that EU investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including the position of its note in the relevant priorities of payment and the structural features of the securitisation and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that, amongst other things, it will retain, on an on-going basis, a qualifying material net economic interest of not less than 5 per cent. in respect of the relevant securitisation determined in accordance with Article 6 of the EU Securitisation Regulation.

An EU institutional investor (other than the originator, sponsor or original lender) holding a securitisation position shall at least establish appropriate written procedures that are proportionate to the risk profile of the securitisation position and, where relevant, to the institutional investor's trading and non-trading book, in order to monitor, on an ongoing basis (save as disclosed before), compliance with its due diligence requirements and the performance of the securitisation position and of the underlying exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to

regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear and are still evolving. EU investors who are uncertain as to the requirement that will need to be complied with in order to avoid the consequences of non-compliance should seek guidance from their regulator.

The risk retention and due diligence requirements under the EU Securitisation Regulation described above apply in respect of the Notes, regarding the commitment of the Seller to retain a material net economic interest in the securitisation and the information to be made available by the Issuer or another relevant party (or, after the Closing Date, by the Cash Manager, and/or the Servicer on the Issuer's behalf).

Each prospective investor who is subject to the EU Securitisation Regulation is also required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Article 5 of the EU Securitisation Regulation. The due diligence required as set out in Article 5 of the EU Securitisation Regulation require institutional investors (as defined in the EU Securitisation Regulation) to verify that the Issuer has, where applicable, made available information which is substantially the same (and with such frequency and modalities as are substantially the same) as the Issuer would have been required to make available in accordance with Article 5(1)(e) of the EU Securitisation Regulation, had it been established in the EU. Potential EU Affected Investors should note that the obligation of the Seller to comply with the EU Risk Retention Requirement is strictly contractual pursuant to the terms of the Mortgage Sale Agreement and applies with respect to Article 6 of the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time) together with any binding technical standards. In addition, to the extent that Article 6 of the EU Securitisation Regulation is amended or new binding technical standards are introduced, the Seller will be under no obligation to comply with such amendments. Each potential EU Affected Investor is required to independently assess and determine the sufficiency of the information described above and in the Prospectus generally for the purposes of complying with Article 5 of the EU Securitisation Regulation and any corresponding national measures which may be relevant to investors and none of the Issuer, the Arranger, the Joint Lead Managers, Seller or any of the other Transaction Parties makes any representation that any such information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes.

Consequently, investors should note that, in the event that there are any amendments or changes to the EU Risk Retention Requirements after the Closing Date, the EU Risk Retention Requirements may no longer be complied with following such amendments or changes coming into effect. In such circumstances, the Cash Manager shall, without delay and prior to the amendments to the EU Risk Retention Requirements coming into effect, procure the publication of an inside information and significant event report in accordance with Article 7(1)(g) of the UK Securitisation Regulation and Article 7(1)(f) of the EU Securitisation Regulation (as if such regulation was applicable to it) notifying that, as from the date the new requirements take effect, the Seller shall no longer comply with the EU Risk Retention Requirements.

**"UK Affected Investor"** means each of CRR firms as defined by Article 4(1)(2A) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, certain alternative investment fund managers which manage or market alternative investment funds in the UK, UK regulated insurers or reinsurers, certain management companies as defined in section 237(2) of the Financial Services and Markets Act 2000 ("**FSMA**"), UCITS as defined by section 236A of FSMA which is an authorised open ended investment company as defined in section 237(3) of FSMA and occupational pension schemes as defined in section 1(1) of the Pension Schemes Act 1993.

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

### ***Designated Entity***

For the purposes of Article 7(2) of the UK Securitisation Regulation, the Issuer has been designated as the entity responsible for fulfilling the information requirements of Article 7 of the UK Securitisation Regulation. For the purposes of Article 22(5) of the UK Securitisation Regulation, the Seller as originator remains responsible for compliance with Article 7 of the UK Securitisation Regulation.

### **Volcker Rule**

The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof it will not be, a "covered fund" as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (such statutory provision together with such implementing regulations, the "**Volcker Rule**"). In reaching this conclusion, although other exclusions from the definition of "covered fund" may be available to the Issuer, the Issuer is of the view that it may rely on an exemption from registration under the U.S. Investment Company Act of 1940 (the "**Investment Company Act**") pursuant to Section 3(c)(5)(C) thereunder and, accordingly, it is excluded from the definition of a "covered fund" under the Volcker Rule made available to certain issuers that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exemption from registration thereunder. However, the general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

### **UK CRA Regulation and EU CRA Regulation**

In general, European regulated investors are restricted under Regulation (EU) No 1060/2009 (as amended) (the "**EU CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances while the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (i) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (ii) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

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

Credit ratings included or referred to in this Prospectus have been or, as applicable, may be issued by Fitch, Moody's and DBRS, each of which, as at the date of this Prospectus, is a credit rating agency established in the UK and registered under the UK CRA Regulation. Moody's, Fitch and DBRS are not established in the European Union and have not applied for registration under the EU CRA Regulation. The ratings issued by Moody's, Fitch and DBRS have been endorsed by Moody's Deutschland GmbH, Fitch Ratings Ireland Limited and DBRS Ratings GmbH, respectively, in accordance with the EU CRA Regulation. Each of Moody's Deutschland GmbH, Fitch Ratings Ireland Limited and DBRS Ratings GmbH is included in the list of credit rating agencies published by the ESMA on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the EU CRA Regulation.

## ***UK and European Market Infrastructure Regulation***

The UK regulatory framework and legal regime relating to derivatives is primarily set out in Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012, as it forms part of domestic law in the UK by virtue of the EUWA ("**UK EMIR**"). The UK government has indicated that UK EMIR will be repealed and replaced with domestic legislation under FSMA 2023. However, UK EMIR is not subject to immediate policy review or reform and so substantive requirements are not expected to change as a result of the repeal and replacement of UK EMIR. A similar regime (but not identical) applies in the EU under Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (as amended, inter alia, by Regulation (EU) 2019/834) of the European Parliament and of the Council dated 20 May 2019 ("**EU EMIR**").

The Fixed Rate Swap Provider has agreed to provide hedging to the Issuer and investors should be aware that, further to UK EMIR, the Issuer is subject to certain regulatory requirements including, but not limited to, various compliance requirements for non-cleared "over-the-counter" derivative transactions (known as the 'risk mitigation techniques'). Such requirements may result in future amendments by the Issuer to the Transaction Documents, in particular where in certain circumstances Noteholder consent will not be required for such amendments. The 'risk mitigation techniques' include requirements for timely confirmation, portfolio reconciliation, and dispute resolution. The Fixed Rate Swap Provider or its affiliate will enter into arrangements with the Issuer pursuant to the terms of the Fixed Rate Swap Agreement in order for the Issuer to comply with its portfolio reconciliation obligations under the UK EMIR. If the Issuer enters into a replacement Fixed Rate Swap with a replacement or successor Fixed Rate Swap Provider, the Issuer will require such Fixed Rate Swap Provider or its affiliate to provide services to the Issuer pursuant to the terms of the relevant Fixed Rate Swap Agreement to be entered into between such Fixed Rate Swap Provider or its affiliate and the Issuer which will be required in order for the Issuer to comply with its portfolio reconciliation obligations under the UK EMIR, to the extent they may be delegated and, to allow the Fixed Rate Swap Provider to comply with the portfolio reconciliation obligations under UK EMIR, and the Issuer may incur costs in relation to the provision of such services. Following Regulation (EU) 2019/834 of the European Parliament and of the Council of May 20, 2019 amending EU EMIR, as it forms part of domestic law in the UK by virtue of the EUWA ("**UK EMIR Refit**"), the Fixed Rate Swap Provider must, pursuant to the terms of UK EMIR, undertake mandatory regulatory trade reporting on behalf of the Issuer. To the extent that a replacement Fixed Rate Swap Provider is subject to EU EMIR, the Issuer shall procure that the replacement Fixed Rate Swap Provider or its affiliate will provide delegated trade reporting services to the Issuer, including pursuant to the terms of a reporting services agreement to be entered into between the replacement Fixed Rate Swap Provider or its affiliate and the Issuer.

The Issuer will be subject to certain regulatory requirements in relation to each Fixed Rate Swap as a consequence of the implementation of UK EMIR and UK MiFIR, which provides for certain OTC derivative contracts to be submitted to central clearing and imposes, amongst other things, margin posting and other risk mitigation techniques, reporting and record keeping requirements and requires certain standardised derivatives to be traded on an exchange or other electronic trading platform.

Investors should be aware of the following:

- (a) regardless of the Issuer's classification under UK EMIR and UK MiFIR (and, if the Fixed Rate Swap Provider is an EU entity, under EU EMIR and EU MiFIR), the Issuer may need to appoint a third party and/or incur costs and expenses to enable it to comply with the regulatory requirements imposed by UK EMIR or EU EMIR, in particular, in relation to record-keeping; and
- (b) the characterisation of the Issuer under UK EMIR and UK MiFIR (and, if the Fixed Rate Swap Provider is an EU entity, under EU EMIR and EU MiFIR) as currently in force will determine whether, among other things, it is required to comply with the clearing, margin and trading requirements in relation to each Fixed Rate Swap. If it were required to clear, post margin or trade on an exchange or other electronic platform, it is unlikely that the Issuer would be able to comply with such an obligation.

The Issuer will require the Fixed Rate Swap Provider to co-operate with the Issuer to ensure the applicable rules under UK EMIR are complied with and the Fixed Rate Swap Provider will require the Issuer to co-operate with the Fixed Rate Swap Provider to ensure the applicable rules under UK EMIR and (if applicable) EU EMIR are complied with.

The Issuer considers itself to be (i) a "non-financial counterparty" below the clearing threshold for the purposes of UK EMIR and (ii) a "third country entity" for the purposes of EU EMIR (that would be a "non-financial

counterparty" below the clearing threshold under EU EMIR if it were established in the EU). Neither of (i) or (ii) are currently subject to the clearing or the margin-posting requirements or the requirement to trade on an exchange or other electronic platform. However, in the circumstances that UK EMIR and/or EU EMIR (if applicable) were to be amended such that the Issuer no longer considers itself to be either (i) or (ii), it may be required to clear, post margin or trade on an exchange or other electronic platform, and it is possible that the Issuer would not be able to comply with such obligations.

Prospective investors should be aware however that regulatory changes to UK EMIR and EU EMIR may adversely affect the Issuer's ability to engage in derivative transactions and the costs to the Issuer in doing so. Given that no material differences have applied between EU EMIR and UK EMIR rules which would be relevant to the Fixed Rate Swap since UK EMIR was introduced, the Issuer will likely bear the same costs in meeting its and any Fixed Rate Swap Provider's requirements when entering into derivative transactions on or around the Closing Date, regardless of whether such Fixed Rate Swap Provider is established in the EU or the UK. However, over time, divergences between the UK EMIR and the EU EMIR rules may arise and this may ultimately lead to additional costs being incurred by the Issuer to the extent that it continues to enter into derivative transactions with any Fixed Rate Swap Provider established in the EU.

In respect of UK EMIR, it should be noted that, given the intention to seek the UK STS designation for the Notes, should the status of the Issuer change to NFC+ or FC, another exemption from the clearing obligation and a partial exemption from the collateral exchange obligation may be available for the Fixed Rate Swaps, provided the applicable conditions are satisfied.

## WEIGHTED AVERAGE LIFE OF THE NOTES

The average lives of the Notes cannot be stated, as the actual rate of repayment of the Mortgage Loans and a number of other relevant factors are unknown. However, calculations of the possible average lives of the Notes can be made based on certain assumptions. The assumptions used to calculate the possible average lives of the Class A Notes in the following table include that:

- (a) the Issuer exercises the Call Option on the Step-Up Date, in the first scenario, or the Issuer does not exercise the Call Option on or after the Step-Up Date, in the second scenario;
- (b) the aggregate principal balance of the Mortgage Loans included in the Provisional Mortgage Portfolio as of the Provisional Mortgage Portfolio Cut-Off Date is sold to the Issuer on the Closing Date;
- (c) the Mortgage Loans are subject to a constant annual rate of unscheduled principal redemptions of between 0 and 35 per cent. per annum as shown on the table below;
- (d) the assets of the Issuer are not sold by the Trustee except as may be necessary to enable the Issuer to realise sufficient funds to exercise its option to redeem the Notes;
- (e) no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
- (f) the Security is not enforced;
- (g) the Mortgage Loans continue to be fully performing;
- (h) approximately 91.37 per cent. of the original aggregate note balance is represented by the Class A Notes and approximately 8.63 per cent. by the Class Z Notes;
- (i) on and after the Step-Up Date, excess Available Revenue is used to make payments of principal on the Class A Notes prior to the payment of interest on the Class Z Notes;
- (j) there is no debit balance on any of the sub-ledgers of the Principal Deficiency Ledger on any Interest Payment Date;
- (k) no interest accrues on the Transaction Account;
- (l) Compounded Daily SONIA is equal to 4.93 per cent. in each interest period;
- (m) amounts required to pay items (a) to (d) and (j) of the Pre-Enforcement Revenue Payments Priorities on each Interest Payment Date are:
  - (i) £59,200, per annum; and
  - (ii) 0.25 per cent. of the aggregate Principal Balance of the Mortgage Loans as of the last day of the immediately preceding Calculation Period,  
per annum respectively;
- (n) the Interest Payment Dates are on the 16<sup>th</sup> calendar day of every July, October, January and April with the first Interest Payment Date being in April 2024;
- (o) the Standard Variable Rate is equal to 7.59 per cent.;
- (p) the Notes are issued on or about 8th November 2023; and
- (q) no Further Advances or Product Switches are made by the Seller and the Seller is not required to and does not elect to repurchase any Mortgage Loans in accordance with the Mortgage Sale Agreement.

## Weighted average life of the Notes

CPR	Possible Average Life of Class A Notes (years)	
	Assuming the Issuer exercises the Call Option on the Step-Up Date	Assuming the Issuer does not exercise the Call Option
0%	4.16	10.80
5%	3.72	7.02
10%	3.32	5.04
15%	2.95	3.85
20%	2.62	3.08
25%	2.32	2.54
30%	2.05	2.14
35%	1.81	1.83

The assumptions above relate to circumstances which are not predictable. No assurance can be given that the Issuer will be in a position to redeem the Notes on the Step-Up Date. If the Issuer does not exercise its Call Option, then the average lives of then outstanding Notes will be extended.

The average life of the Class A Notes is subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates above will prove in any way to be realistic. They must therefore be viewed with considerable caution. For more information in relation to the risks involved in the use of the average lives estimated above, see the section entitled "*Risk Factors – Credit Structure – Considerations relating to yield, prepayments, mandatory redemptions and optional redemptions*" and "*The Mortgage Portfolio*".



## **USE OF PROCEEDS**

The gross proceeds from the issue of the Notes are expected to amount to £383,056,000.

The Issuer will use the gross proceeds of the Notes to pay the Initial Consideration payable by the Issuer to the Seller for the purchase of the Mortgage Portfolio on the Closing Date.

## ISSUER

The Issuer was incorporated in England and Wales on 19 September 2023 (registered number 15147978) and is a public limited company under the Companies Act 2006 (as amended). The registered office of the Issuer is at 10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU. The telephone number of the Issuer's registered office is +44 (0) 203 855 0285.

The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each, 49,999 shares of which are partly paid to £0.25 each, 1 of which is fully paid and all of which are beneficially owned by Holdings (see the section entitled "*Holdings*" below).

The Issuer was established as a special purpose vehicle for the purposes of issuing asset backed securities. The Issuer has no subsidiaries. The Seller does not own directly or indirectly any of the share capital of Holdings or the Issuer.

The Issuer has not engaged, since its incorporation, in any material activities nor commenced operations (other than those incidental to its registration as a public company under the Companies Act 2006 (as amended) and as a data controller under the Data Protection Laws, and to the proposed issue of the Notes and the authorisation of the other Transaction Documents referred to in this Prospectus to which it is or will be a party, and other matters which are incidental or ancillary to the foregoing) and no statutory accounts have been prepared or delivered to the Registrar of Companies on behalf of the Issuer as at the date of this Prospectus. The Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees) as at the date of this Prospectus. The Issuer has no employees.

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

Under the Corporate Services Agreement, CSC Capital Markets UK Limited as Corporate Services Provider, will provide to the Issuer certain directors and other corporate services in consideration for the payment by the Issuer of an annual fee to the Corporate Services Provider. The registered address of the Corporate Service Provider is 10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU, which is also the business address for each of Miss Aline Sternberg, CSC Directors (No.1) Limited and CSC Directors (No. 2) Limited.

### Directors and secretary

The following table sets out the directors of the Issuer and their respective business addresses and occupations.

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

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

<u>Name</u>	<u>Business address</u>	<u>Principal activities/business occupation</u>
Lara Nasato	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Jonathan Hanly	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director

<b>Name</b>	<b>Business address</b>	<b>Principal activities/business occupation</b>
Dragos Savacenco	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Catherine Mary Elizabeth McGrath	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
John Paul Nowacki	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Sukanthapriya Jeyaseelan	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Debra Amy Parsall	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Aline Sternberg	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Charmaine De Castro	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Adrianna Pawelec	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Oreoluwa Salu	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Katherine Lagoe	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
CSC Corporate Services (UK) Limited	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Company Secretary

The company secretary of the Issuer is CSC Corporate Services (UK) Limited whose principal office is at 10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU.

## HOLDINGS

Holdings was incorporated in England and Wales on 19 September 2023 (registered number 15147362) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is 10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU. The telephone number of Holdings' registered office is +44 (0) 203 855 0285.

The issued share capital of Holdings comprises one ordinary share of £1.

The entire beneficial interest in the share of Holdings is beneficially owned by CSC Corporate Services (UK) Limited (the "**Share Trustee**") on a discretionary trust.

Holdings holds the entire beneficial interest in the issued share capital of the Issuer.

The Seller does not own directly or indirectly any of the share capital of Holdings, neither the Seller nor any company connected with the Seller can direct the Share Trustee, and none of such companies has any control, direct or indirect, over Holdings or the Issuer.

Holdings has not engaged in any other activities since its incorporation other than those incidental to the authorising of the Transaction Documents to which it is or will be a party and other matters which are incidental to those activities. Holdings has no employees.

### Directors

The directors of Holdings and their respective business addresses and occupations are:

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

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

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Lara Nasato	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Jonathan Hanly	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Dragos Savacenco	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Catherine Mary Elizabeth McGrath	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
John Paul Nowacki	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Sukanthapriya Jeyaseelan	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Debra Amy Parsall	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Aline Sternberg	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director

<b>Name</b>	<b>Business Address</b>	<b>Business Occupation</b>
Charmaine De Castro	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Adrianna Pawelec	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Oreoluwa Salu	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
Katherine Lagoe	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Director
CSC Corporate Services (UK) Limited	10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU	Company Secretary

The company secretary of Holdings is CSC Corporate Services (UK) Limited whose principal office is at 10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU.

The accounting reference date of Holdings is 31 December.

## BANK OF IRELAND (UK) PLC

Bank of Ireland (UK) plc ("**BOIUK**"), together with its subsidiary undertakings is the principal United Kingdom retail and commercial banking business of Bank of Ireland Group plc. The registered office of BOIUK is Bow Bells House, 1 Bread Street, London, EC4M 9BE. The telephone number of BOIUK's registered office is +44-20 7236 2000.

BOIUK is regulated by the PRA and the FCA. The entire beneficial interest in the share capital of BOIUK is beneficially owned by The Governor and Company of the Bank of Ireland.

BOIUK's LEI is 213800OOT97XZGKQPY40.

BOIUK delivers simple, flexible and accessible financial services products both directly and through partnerships with well-known UK brands. BOIUK has a successful UK intermediary mortgage business; a full service retail and commercial bank in Northern Ireland; and a growing car and asset finance business throughout the UK, under the Northridge Finance and Marshall Leasing brands.

BOIUK also has an exclusive financial services partnership with the UK Post Office under a contract that currently covers the period until 2026.

First Rate Exchange Services Holdings Limited, BOIUK's foreign exchange joint venture with the Post Office, through its wholly owned subsidiary, is a significant provider of retail travel money in the UK providing retail and wholesale foreign exchange services.

BOIUK has more than ten years of experience in the origination, underwriting and servicing of mortgage loans similar to those included in the portfolio.

### Board of Directors

The directors of BOIUK and their respective business addresses and occupations are:

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Peter Herbert	Bow Bells House 1, Bread Street, London, EC4M 9BE	Chairman
Dave Sutherland	Bow Bells House 1, Bread Street, London, EC4M 9BE	Interim Chief Executive Officer
Polina Ievskaya	Bow Bells House 1, Bread Street, London, EC4M 9BE	Chief Risk Officer
Tom Wright	Bow Bells House 1, Bread Street, London, EC4M 9BE	Chief Finance Officer
Clare Salmon	Bow Bells House 1, Bread Street, London, EC4M 9BE	Director
Mark Spain	Bow Bells House 1, Bread Street, London, EC4M 9BE	Director
Richard Sommers	Bow Bells House 1, Bread Street, London, EC4M 9BE	Director
Philip Moore	Bow Bells House 1, Bread Street, London, EC4M 9BE	Director
Alison Burns	Bow Bells House 1, Bread Street, London, EC4M 9BE	Director
Ian Buchanan	Bow Bells House 1, Bread Street, London, EC4M 9BE	Director

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Enda Johnson	Bow Bells House 1, Bread Street, London, EC4M 9BE	Director

The company secretary of BOIUK is Hill Wilson Secretarial Limited, whose registered office is at 40 Mespil Road, Dublin 4, Ireland.

The accounting reference date of BOIUK is 31 December.

## THE MORTGAGE PORTFOLIO

### THE MORTGAGE LOANS

#### Introduction

The following is a description of some of the main characteristics of the Mortgage Loans in the Mortgage Portfolio including details of loan types, the underwriting process, lending criteria and selected statistical information.

The Seller has identified a portfolio of mortgage loans (the "**Provisional Mortgage Portfolio**") using a system containing defined data on each of the qualifying loans in the Seller's overall portfolio of loans available for selection. This system allows the setting of exclusion criteria, among others corresponding to relevant Seller Asset Warranties that the Seller makes in the Mortgage Sale Agreement in relation to the Mortgage Loans (see the section entitled "*Title to the Mortgage Portfolio – Warranties and Repurchase*" below). Once the criteria have been determined, the system identifies all Mortgage Loans owned by the Seller that are consistent with the criteria. From this subset, the Mortgage Loans have been selected at random until the target balance for the Provisional Mortgage Portfolio has been reached.

The Mortgage Portfolio transferred on the Closing Date may differ from the Provisional Mortgage Portfolio due to (i) the Mortgage Loans in the Mortgage Portfolio having been selected at random from the Provisional Mortgage Portfolio until the target balance for the Mortgage Portfolio has been reached, (ii) any redemptions of mortgage loans occurring or enforcement procedures being completed, in each case during the period between 31 October 2023 (the "**Initial Mortgage Portfolio Cut-Off Date**") and the Closing Date or (iii) if the Mortgage Loan would breach the Seller Asset Warranties to be made on the Closing Date or would on the Closing Date be an exposure in default within the meaning of Article 178(1) of UK CRR for the purposes of Article 20(11) of the UK Securitisation Regulation. However, as stated above, the benefit of all Principal Receipts and Revenue Receipts received in respect of Mortgage Loans in the Mortgage Portfolio during the period from the Initial Mortgage Portfolio Cut-Off Date will be for the account of the Issuer. As at the Provisional Mortgage Portfolio Cut-Off Date, the Provisional Mortgage Portfolio had the characteristics shown below.

#### Characteristics of the Mortgage Loans

Mortgage Loans within the Mortgage Portfolio will consist of Mortgage Loans originated between July 2014 and June 2023 and secured by a first ranking mortgage or charge on the relevant property, being:

- (i) Mortgage Loans which are intended for Borrowers who wish to use the Mortgage Loans as a means to purchase or refinance a residential property to be used solely as the Borrower's own residence ("**Home Owner Loans**");
- (ii) Interest terms under the Mortgage Loans differ. Mortgage Loans having the following interest terms are included in the Provisional Mortgage Portfolio:
  - (A) standard variable rate loans, the rate of interest on which varies in accordance with the standard variable rate set from time to time by the Servicer in accordance with the Servicing Agreement ("**Variable Rate Loans**"); and
  - (B) fixed rate loans, the rate of interest on which is set at a fixed rate or a series of fixed rates for a fixed initial period ("**Fixed Rate Loans**").

After a fixed initial period (the "**Product Period**") the rate of interest on any Fixed Rate Loan becomes the standard variable rate set from time to time by the Servicer and such Fixed Rate Loan becomes a Variable Rate Loan.

In respect of Mortgage Loans in the Provisional Mortgage Portfolio, the Borrower is required to make monthly payments of both interest and principal such that the principal amount of the Mortgage Loan will have been repaid in full by its maturity ("**Capital and Interest Loans**").

The Mortgage Loans in the Mortgage Portfolio will not include at the time of selection for inclusion in the Mortgage Portfolio any exposures in default within the meaning of Article 178(1) of UK CRR for the purposes of Article 20(11) of the UK Securitisation Regulation.



So far as the seller is aware, having made all reasonable enquiries, no Mortgage Loan in the Mortgage Portfolio is to a borrower who is a "credit-impaired debtor" as described in Article 20(11) of the UK Securitisation Regulation and in accordance with any official guidance issued in relation thereto.

For the purposes of Article 21(2) of the UK Securitisation Regulation:

- (i) the Mortgage Portfolio, as at the Initial Mortgage Portfolio Cut-Off Date, does not include any derivatives for the purposes of Article 21(2) of the UK Securitisation Regulation on the basis that the Mortgage Loans in the Mortgage Portfolio have been entered into substantially on the terms of similar standard documentation for residential mortgages loans; and
- (ii) except for the purpose of hedging interest-rate, the Issuer will not enter into derivative contracts.

The aggregate Principal Balance of all Mortgage Loans in the Mortgage Portfolio made to a single Borrower does not exceed 2% of the aggregate Principal Balance of all Mortgage Loans in the Provisional Mortgage Portfolio as of the Initial Mortgage Portfolio Cut-Off Date.

The Mortgage Portfolio will not contain transferable securities as defined in point (44) of EU MiFID II, derivative instruments or securitisation positions.

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

### **Origination Channels**

The Mortgage Loans were originated by BOIUK through its branches in Northern Ireland and through mortgage brokers and other intermediaries.

### **Mortgage Loan Approval Process**

To obtain a Mortgage Loan, the prospective borrower(s) completes an application form, or in the instance of Further Advances, the Seller completes a template, which includes information about the applicants' income, current employment details, bank account information, current mortgage information, if any, and certain other personal information. The Seller has original or electronic file copies of most (but not all) of the relevant application forms, which should not affect the enforceability of the Mortgage Loans. A credit reference agency search is completed in all cases against each applicant at their current address and, if necessary, former addresses, which gives details of public information including any county court judgments and details of any bankruptcy or sequestration. An internal credit score is also generated by an automated system in respect of each application to assist in the process of their credit application.

Since December 2001, all applications for Mortgage Loans have been evaluated by an automated system which sorts applications into 'accept', 'refer' and 'decline' categories.

Applications received through the automated system graded as 'accept' or 'refer' are referred to an Approver located in the Originator's central underwriting units for review. The system directs Approvers to review the application and to accept it conditionally or to decline it. In exceptional circumstances and on appeal from the relevant applicant a 'decline' decision may be overridden by a senior Approver, provided that there are sufficient positives attached to the relevant application.

The Originator requires (or required, as applicable) each Approver to complete a training programme with the Originator and to achieve a minimum competency level prior to being given the authority to approve a Mortgage Loan. The Originator has established various levels of authority for its Approvers that reflect, amongst other things, the degree of risk that the Approver is permitted to approve. Approval decisions are monitored regularly for compliance with approval authority and conformity with the Lending Criteria.

The Mortgage Portfolio does not include any Mortgage Loans that were at the time of origination marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the information provided by the loan applicant might not be verified by the Originator for purposes of Article 20(10) of the UK Securitisation Regulation.

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 the Consumer Credit Directive (Directive 2008/48/EC)

or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of the MCD or, where applicable, equivalent requirements in third countries.

"**Approver**" means an individual, regardless of actual job title, who has been granted specific authority to assess Mortgage Loan applications on behalf of the Originator. From June 2018, the Approver includes the Seller's in-house automated application placing system.

#### ***Payment methods***

All payments on the Mortgage Loans must be made in Sterling and the majority of the payments are made by direct debit instruction (DDI) through the UK direct debit system from a bank or building society account.

#### ***Early Repayment Charges***

The Borrower may be required to pay an Early Repayment Charge if certain events occur during the predetermined Product Period and the mortgage offer states that the Borrower is liable for Early Repayment Charges. These events include a full or partial unscheduled repayment of principal or an agreement between the Seller and the Borrower to switch to a different mortgage product. If all or part of the principal owed by the Borrower (other than the scheduled Monthly Payments falling due before the end of the Product Period) is repaid before the end of the Product Period, the Borrower may be liable to pay to the Seller all or part of an Early Repayment Charge based on the amount of principal borrowed at the outset of the mortgage (if a mortgage is redeemed in part, then a proportionate part of the Early Repayment Charge set out in the Offer Conditions is payable).

The Servicer will be given the right, acting as a Prudent Mortgage Lender, to waive the payment of any Early Repayment Charges by a Borrower.

#### ***Incentives***

At the point of origination of the Mortgage Loans in the Mortgage Portfolio, the Seller may have offered some Borrowers incentives such as cashback, free valuations and payment of legal fees.

#### ***Further drawings***

The Seller has given a representation and warranty that no Borrower has the right to make further drawings under any Mortgage Loan.

#### ***Further Advances***

A Borrower may apply to the Servicer for a further amount to be lent to him or her under his or her Mortgage Loan. This further amount will be secured by the same Property as the Mortgage Loan and will be added as a separate sub-account to the Mortgage Loan. Any such additional loan is called a "**Further Advance**". A Mortgage Loan which is subject to a Further Advance may remain included in the Mortgage Portfolio and the relevant Further Advance will be sold to the Issuer subject to the conditions contained in the Mortgage Sale Agreement (see the section entitled "*Title to the Mortgage Portfolio – Further Advances*").

If a Mortgage Loan is subject to a Further Advance which on the Calculation Date following the Advance Period in which any Further Advance was made (a) breaches the Further Advance Conditions on the relevant Further Advance Satisfaction Date, or (b) results in a Seller Asset Warranty made in respect of the Further Advance to be materially untrue, (subject, in the event the Further Advance Conditions are determined to be breached or the Seller Asset Warranties determined to be materially untrue as of the Further Advance Satisfaction Date at a later date, to a 30 Business Day remedy period) the Seller will be required to repurchase the beneficial interest in the Further Advance Mortgage Loan and its Related Security from the Issuer in accordance with the Mortgage Sale Agreement (see the section entitled "*Title to the Mortgage Portfolio – Further Advances*").

#### ***Non-Performing Mortgage Loans***

A Mortgage Loan will be considered a "Non-Performing Mortgage Loan" if the Seller has determined that a default has occurred with respect to the relevant Borrower within the meaning of Article 178 of the UK CRR or the EU CRR (including in each case, without limitation, any associated regulatory technical standards, supervisory statements, rules, advice, guidance or recommendations from any competent authority or relevant regulators and as the same may be amended, restated, supplemented, replaced and/or novated from time to time).

The Seller may from time to time, at its option, repurchase the beneficial interest in any Mortgage Loan comprised in the Mortgage Portfolio and its Related Security from the Issuer that is determined by the Seller to be a Non-Performing Mortgage Loan in accordance with the Mortgage Sale Agreement (see the section entitled "*Title to the Mortgage Portfolio – Non-Performing Mortgage Loans*").

### ***Product Switches***

A Borrower may request to vary the financial terms and conditions applicable to the Borrower's loan and BOIUK as Servicer may in response offer a variation to such Borrower. Any such variation (subject to certain exceptions) is called a "**Product Switch**". A Mortgage Loan which is subject to a Product Switch may remain in the Mortgage Portfolio subject to the conditions contained in the Servicing Agreement (see the section entitled "*Title to the Mortgage Portfolio – Product Switches*").

If a Mortgage Loan is subject to a Product Switch which breaches the Product Switch Conditions, the Seller will be required to repurchase the beneficial interest in the Mortgage Loan and its Related Security from the Issuer in accordance with the Mortgage Sale Agreement (see the section entitled "*Title to the Mortgage Portfolio – Product Switches*").

### ***Non-compliance with UK Securitisation Regulation***

The Seller may repurchase Mortgage Loans and their Related Security which are not compliant with the UK Securitisation Regulation or Article 19, 20, 21 or 22 of the UK Securitisation Regulation or Article 243 of the UK CRR (or if different, the equivalent provisions in any such enacted versions of such regulations).

### ***Non-compliance with UK LCR Regulation/UK Solvency II Regulation***

The seller may repurchase loans and their related security which are not compliant with Article 13 of the UK LCR Regulation or Article 177 of the UK Solvency II Regulation.

### ***No active portfolio management***

The Seller's rights and obligations to sell Mortgage Loans and their Related Security to the Issuer and/or repurchase Mortgage Loans and their Related Security from the Issuer pursuant to the Mortgage Sale Agreement, including repurchases of Mortgage Loans that do not comply with the UK LCR Regulation /UK Solvency II Regulation requirements, Mortgage Loans that do not comply with the UK Securitisation Regulation or the UK STS criteria, Mortgage Loans that are in breach of the Seller Asset Warranties, the Seller's option to repurchase Mortgage Loans that are Non-Performing Mortgage Loans, Further Advance Mortgage Loans in breach of the Further Advance Conditions, Converted Mortgage Loans in breach of the Product Switch Conditions and the exercise of the call option do not constitute active portfolio management for purposes of Article 20(7) of the UK Securitisation Regulation.

### ***Right-to-buy scheme***

No Mortgage Loan was originated under the right-to-buy schemes governed by the Housing Act 1985 (as amended by the Housing Act 2004) where the period during which a statutory charge referred to in Section 156 of the Housing Act 1985 has not expired.

### ***Lending criteria***

The following is a summary of the lending criteria (the "**Lending Criteria**") applied by the Originator in originating the Mortgage Loans, subject to any underwriting exception (as described below).

It should be noted that the Lending Criteria have changed over time and not all Mortgage Loans in the Provisional Mortgage Portfolio will have been originated under these terms. However, the lending criteria relevant to the origination of the Mortgage Loans in the Provisional Mortgage Portfolio were substantially similar to those set out below.

#### **(a) *Property - location***

Each property on which a Mortgage Loan is secured is situated in England and Wales.

(b) *Property - Borrower's title*

Each property is a freehold or leasehold residential property in England and Wales, the legal title to which is vested in the Borrower and is a good and marketable title.

(c) *Property – Leasehold*

Prior to July 2015, in the case of a leasehold residential property located in England and Wales, there must be at least 70 years remaining on the lease at origination of a Mortgage Loan and at least 45 years remaining at the maturity of the Mortgage Loan.

From July 2015, in the case of a leasehold residential property located in the United Kingdom, there must be at least 85 years remaining on the lease at origination of a Mortgage Loan.

(d) *Property - valuation*

In most cases a valuation is required, to be performed by a valuer, being an Associate, Member or Fellow of the Royal Institution of Chartered Surveyors (or in limited circumstances the Originator's own surveyors) or is otherwise acceptable to the Originator acting as a Prudent Mortgage Lender except in the case of certain further advances where the loan-to-value ratio (the "LTV") of the loan including the further advance is less than or equal to 75 per cent. of the indexed value of the property. The indexed valuation is calculated by applying the movement in the Nationwide House Price Index, for the relevant region and property type to the original valuation undertaken at the time of the initial advance and the original valuation report is less than ten years old. From October 2007, in the case of certain remortgage Mortgage Loans only, the valuation was determined using an automated valuation model supplied by UK Valuation Ltd. From February 2017, in the case of certain Home Owner Loans, the valuation was determined using an automated valuation model supplied by Hometrack Ltd.

(e) *Property - solicitors*

The firm of solicitors or licensed or qualified conveyancers acting for the Originator must be on the Originator's panel.

(f) *Property - construction*

The property must not be under construction.

(g) *Property - insured status*

It is a condition of each Mortgage Loan that each Borrower is to effect and maintain (at their own expense) a property insurance policy (or, in the case of leasehold properties, provide full details of such policy to the Originator) in an amount sufficient to recover the reinstatement value of the property.

(h) *Property - occupiers*

Each Borrower must disclose the details of every person who, at the date upon which the Mortgage Loan is entered into had attained the age of 17 and is in or about to be in actual occupation of the relevant property and each such person must either be named as a Borrower or have signed a deed of consent in the form of the pro forma contained in the Standard Mortgage Documentation which was applicable at the time the mortgage was executed and which has the effect of postponing any present or future rights or interests as he or she may have or acquire over or in respect of the relevant property, and making such interests subject to the rights, interests and remedies of the Originator under the relevant mortgage.

**"Standard Mortgage Documentation"** means the documents used by the Originator in connection with its activities as a residential mortgage lender in relation to the Mortgage Portfolio.

(i) *Life assurance policy*

Borrowers are recommended to effect and maintain a suitable repayment strategy or vehicle, which may include a life assurance policy in the amount of the loan for the duration of the term which will repay the loan in the event of death. There is no requirement that such repayment vehicles or life assurance policies are legally or equitably assigned to the Originator as security for the loan.

(j) *Mortgage Loan - loan to value ratio*

The LTV is calculated by dividing the initial principal amount advanced at completion of the Mortgage Loan (excluding any completion fees) by the lesser of the valuation or purchase price of the property. In the specific instance of a concessionary purchase, the LTV may be calculated by dividing the initial principal amount advanced at completion of the Mortgage Loan (excluding any completion fees) by the valuation of the property. For the purpose of calculating the applicable LTV, any builder's deposit or incentives are accounted for in the relevant valuation or deducted from the relevant purchase price.

The LTV of any Mortgage Loan in the Provisional Mortgage Portfolio at the date of the initial advance to the Borrower cannot be more than 100 per cent.

(k) *Mortgage Loan - term*

Each Mortgage Loan within the Provisional Mortgage Portfolio has an initial term of no longer than 50 years.

(l) *Borrower - capacity and status*

Borrowers must have a minimum age of 18 and must have the right to live and work in the United Kingdom.

(m) *Borrower - credit history*

The Borrower's credit and employment history may be assessed with the aid of one or more of the following:

- (A) electoral register or other proof of occupancy;
- (B) search supplied by a credit reference agency;
- (C) copy of the most recent pay slips and/or the most recent P60;
- (D) up to three years' accounts;
- (E) accountant's certificate in the form supplied by the Originator or other acceptable form;
- (F) existing lender's statements or reference;
- (G) salary reference from current employers; or
- (H) up to two years' SA302 and corresponding tax year overview.

(n) *Borrower - income*

Independently of the number of Borrowers who are parties to any one Mortgage Loan (a maximum of four), the Mortgage Loan is based on the income and status of a maximum of two of the Borrowers.

The principal amount advanced under the Mortgage Loan may not exceed a prescribed multiple of the assessed income of the Borrower or, in the case of joint applications, the assessed income of relevant Borrowers (the "**Maximum Income Multiple**"). The Maximum Income Multiple for Mortgage Loans advanced:

- (A) from October 2012, 4.25 times the assessed income of the primary Borrower or, in the case of joint applications 4.25 times the joint income;
- (B) from December 2014, 4.75 times the assessed income of the primary Borrower or, in the case of joint applications 4.75 times the joint income;
- (C) from March 2015, in the case of loans less than or equal to £500,000, 4.75 times the assessed income of the primary Borrower or, in the case of joint applications 4.75 times the joint income. In the case of loans greater than £500,000, 4 times the assessed income of the primary Borrower or, in the case of joint applications 4 times the joint income;

- (D) from January 2016, in the case of loans less than or equal to £500,000, 4.5 times the assessed income of the primary Borrower or, in the case of joint applications 4.5 times the joint income. In the case of loans greater than £500,000, 4 times the assessed income of the primary Borrower or, in the case of joint applications 4 times the joint income;
- (E) from March 2017, in the case of loans less than or equal to £500,000, 4.5 times the assessed income of the primary Borrower or, in the case of joint applications 4.5 times the joint income. In the case of loans greater than £500,000, 4.25 times the assessed income of the primary Borrower or, in the case of joint applications 4.25 times the joint income;
- (F) from January 2018, 4.49 times the assessed income of the primary Borrower or, in the case of joint applications, 4.49 times the joint income.

The income of a Borrower is determined by reference to the application form and supporting documentation, where appropriate, and may consist of the following:

- (A) salary plus 50 per cent. of overtime, bonus or commission payments if such overtime, bonus or commission payments are regular and continuing or 100 per cent. of overtime, bonus or commission payments if guaranteed; plus pension income if pension is guaranteed for life; plus in certain cases income from a second job; plus rent allowance, mortgage subsidy, London weighting or large town allowance, attendance allowance, shift allowance and/or car allowance; or
- (B) any income in the form of profit (but not including drawings) confirmed in the last year's accounts or accountant's certificate for self-employed Borrowers and Borrowers with income derived from a 25 per cent. or greater shareholding.

Each Borrower must disclose all of their material liabilities, which are assessed by the Originator.

**"Prudent Mortgage Lender"** means, in relation to a Mortgage Loan, a prudent mortgage lender acting reasonably making residential mortgage loans to Borrowers in England and Wales of the same type as such Mortgage Loan.

### **Changes to Lending Criteria**

The Originator may vary the Lending Criteria from time to time in the manner of a Prudent Mortgage Lender lending to borrowers in England and Wales. Further Advances, together with their Related Security, may from time to time only be included in the Mortgage Portfolio if they were originated in accordance with the Lending Criteria as described in this Prospectus as so varied and the conditions contained in "Title to the Mortgage Portfolio" below have been satisfied.

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.

### **Underwriting exceptions**

The underwriting standards applied by the Originator in connection with the origination of the Mortgage Loans were no less stringent than those that the Originator applied at the time of origination to similar loans that are not securitised.

On a case-by-case basis the Originator may have determined that, based upon compensating factors, an applicant that did not strictly qualify under its Lending Criteria at that time warranted an underwriting exception. Compensating factors may be considered including, but not limited to, a low LTV ratio, overall affordability position and track record with the organisation. Any such exceptions would have been approved by an authorised mandate holder of the Originator.

### **Insurance policies**

In the Servicing Agreement, BOIUK (in its capacity as Servicer) has agreed to make and enforce claims under the relevant policies and under the Mortgage Sale Agreement will hold proceeds of such claims on trust for the Issuer or as the Issuer or Trustee may direct.

### *Insurance on the property*

A Borrower is required to insure the Property with buildings insurance. The insurance may be purchased through the Seller or, alternatively, the Borrower or landlord (in the case of a leasehold property) may arrange for the buildings insurance independently. In either case, the Borrower must ensure that the payment of buildings insurance premiums is kept up to date.

If the Borrower does not insure the property, or insures but not in accordance with the Mortgage Conditions, the Seller may, upon becoming aware of the same, insure the property itself, in which case the Seller may determine who the insurer will be, what will be covered by the policy, the amount of the sum insured and any excess. The Seller retains the right to settle all insurance claims on reasonable terms without the Borrower's consent. The Seller's current policy is that in most cases where it becomes aware that a property is not insured, it will not arrange insurance cover except where the property is in its possession (see the section entitled "*The Mortgage Portfolio – The Mortgage Loans – Insurance Policies - Properties in possession cover*" below). The Seller also has an indemnity policy in place to protect it against certain damage that may occur to a Property where the Borrower has failed to insure against such damage in accordance with the Mortgage Conditions. The Seller's indemnity policy is periodically reviewed and/or amended by the Seller in accordance with the standards of a Prudent Mortgage Lender.

### *Properties in possession cover*

When a Property is taken into possession by the Seller, the Seller will arrange appropriate insurance cover. The policy will only offer cover if the Property is deemed an acceptable insurable risk based on the then current criteria of the insurance provider. The Seller may claim under such policy for any insured damage occurring to the Property while in the Seller's possession.

The Seller will make claims in accordance with the Seller's policy and transfer the proceeds relating to the Mortgage Loans to the Issuer.

### **Governing law**

Each of the Mortgage Loans is governed by English law.

### **Credit Risk Mitigation**

BOIUK has internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation. The policies and procedures of BOIUK in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and refinancing credits (as to which, in relation to the Mortgage Loans, please see the information set out in this Prospectus headed "*The Mortgage Portfolio – Lending criteria*" and "*The Mortgage Portfolio – Underwriting exceptions*" and "*Servicing and Cash Management*");
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures (as to which it should be noted that the Mortgage Portfolio will be serviced in line with the servicing procedures of BOIUK as Servicer - please see further the section of this Prospectus headed "*Servicing and Cash Management*");
- (c) adequate diversification of credit portfolios given BOIUK's target market and overall credit strategy (as to which, in relation to the Mortgage Portfolio, please see the section of this Prospectus headed "*The Mortgage Portfolio*"); and
- (d) policies and procedures in relation to risk mitigation techniques (as to which, please see further the sections of this Prospectus headed "*Servicing and Cash Management*").

For the purposes of Article 9(1) of the UK Securitisation Regulation, BOIUK applies to Mortgage Loans the same sound and well-defined criteria for credit-granting which it applies to non-securitised exposures.

## TITLE TO THE MORTGAGE PORTFOLIO

### Purchase

The Mortgage Loans and the Related Security comprised in the initial Mortgage Portfolio will be sold on the Closing Date by the Seller to the Issuer pursuant to the Mortgage Sale Agreement. The purchase price payable by the Issuer in respect of the Mortgage Loans and the Related Security in the initial Mortgage Portfolio shall be the sum of:

- (a) the Initial Consideration, being an amount equal to the aggregate of the Principal Balance of each Mortgage Loan as at the Initial Mortgage Portfolio Cut-Off Date; and
- (b) Deferred Consideration.

Following the sale of the initial Mortgage Portfolio to the Issuer on the Closing Date, Further Advances may from time to time be included in the Mortgage Portfolio. These Further Advances will be acquired, subject to certain conditions being satisfied, by the Issuer from the Seller in accordance with the provisions of the Mortgage Sale Agreement.

The initial Mortgage Portfolio will comprise Mortgage Loans with an aggregate principal balance of £383,055,946.72 as of the Initial Mortgage Portfolio Cut-Off Date and their Related Security.

### Title

The sale of the Mortgage Loans and their Related Security to the Issuer will take effect in equity only in favour of the Issuer, until such time as transfers of such Mortgage Loans and the Related Security in favour of the Issuer have been completed and, in respect of the registered or registerable titles to land, registered or recorded at the Land Registry and notice has been served on the Borrowers. The Issuer will grant a first fixed equitable charge in favour of the Trustee over its interest in the Mortgage Loans and the Related Security.

The Servicer as agent of the Issuer will be required under the terms of the Servicing Agreement to ensure the safe custody (including electronic records) of title deeds in respect of the Mortgage Loans and the Related Security and maintain records necessary to enforce each Mortgage Loan and its Related Security. It will ensure that each title information document is capable of identification and retrieval and that each title information document is distinguishable from information held by the Servicer for other persons.

Neither the Issuer nor the Trustee currently intends to effect any registration or recording at the Land Registry to protect the sale of the Mortgage Loans and the Related Security to the Issuer or the charge of them by the Issuer in favour of the Trustee nor, save as mentioned below, do they intend to obtain possession of the title deeds to the Properties and the Mortgage Loans and their Related Security.

Save as mentioned below, notice of the sale and assignment to the Issuer of the Mortgage Loans and Related Security and their subsequent charging to the Trustee will not be given to the Borrowers.

Under the Mortgage Sale Agreement and the Deed of Charge (and the relevant documents entered into pursuant thereto), each of the Issuer (with the consent of the Trustee) and the Trustee will be entitled to effect such registrations and recordings and give such notices as it, acting in its absolute discretion, considers necessary to protect and perfect the interests respectively of the Issuer (as purchaser) and the Trustee (as chargee) in the Mortgage Loans and the Related Security, *inter alia*, where a Perfection Event has occurred. A "**Perfection Event**" means:

- (a) the service of an Enforcement Notice by the Trustee under Condition 13.2;
- (b) the Seller and/or the Issuer and/or the Trustee becoming obliged to effect or have effected any Perfection Act by: (i) law; (ii) an order of a court of competent jurisdiction; or (iii) a mandatory requirement of any regulatory authority which has jurisdiction over the Seller;
- (c) the Trustee considers that the Charged Property or any part thereof is in jeopardy (including due to the possible insolvency of the Seller);
- (d) the occurrence of an Insolvency Event in respect of the Seller; or



- (e) the Seller is in breach of its obligations under the Mortgage Sale Agreement, but only if the breach (if capable of remedy) has not been remedied within 90 calendar days.

These rights are supported by irrevocable powers of attorney given by, amongst others, the Issuer and the Seller to, amongst others, the Trustee and the Issuer.

The effect of (i) not giving notice to the Borrowers of the sale of the relevant Mortgage Loans and their Related Security to the Issuer and the charging of the Issuer's interest in the Mortgage Loans and their Related Security to the Trustee and (ii) the charge of the Issuer's rights thereto in favour of the Trustee pursuant to the Deed of Charge taking effect in equity (or extending over the Issuer's beneficial interest) only, is that the rights of the Issuer and the Trustee may be, or may become, subject to equities (or other analogous interests) as well as to the interests of third parties who perfect a legal interest, real right (or analogous interests) prior to the Issuer or the Trustee acquiring and perfecting a legal interest or real right (such as, in the case of mortgages over unregistered land in England and Wales, a third party acquiring a legal interest or real right in the relevant mortgage without notice of the Issuer's or the Trustee's interests).

Until the legal title of the Issuer or, as the case may be, the Trustee, has been perfected, the Issuer, or as the case may be, the Trustee may also need to join the Seller in any legal proceedings taken against the relevant Borrower. The Borrower is also entitled to set off any amounts owing to the Seller in respect of such Mortgage Loan against any other amount owed by the Seller to such Borrower.

The risk of such equities and other beneficial title leading to third party claims obtaining priority to the interests of the Issuer or the Trustee in the Mortgage Loans and the Related Security is likely to be limited to circumstances arising from a breach by the Seller or the Issuer of its or their contractual or other obligations or fraud or mistake on the part of the Originator, or the Issuer or their respective officers, employees or agents (if any).

### **Warranties and Repurchase**

The Mortgage Sale Agreement will contain warranties (the "**Seller Asset Warranties**" and each a "**Seller Asset Warranty**") to be given by the Seller in relation to the Mortgage Loans in the Mortgage Portfolio. No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee would normally be expected to carry out have been or will be made by the Issuer or the Trustee, each of whom is relying upon the Warranties.

If there is an unremedied or irremediable breach of any of the Warranties which is reasonably likely to have or does in fact have a material adverse effect on the Mortgage Loan and/or the Related Security, then the Seller is required to repurchase the relevant Mortgage Loan and its Related Security for a consideration in cash in an amount equal to the Principal Balance plus Accrued Interest and all Arrears of Interest in relation to such Mortgage Loan at the close of business on the Business Day preceding the date of completion of such repurchase (less, in the case of a Further Advance Mortgage Loan, any Further Advance Consideration not received from the Issuer by the Seller in respect of a Further Advance) plus reasonable fees and expenses payable thereon to the date of repurchase. Performance of the obligation to repurchase or procure the repurchase will be in satisfaction of all of the Seller's liabilities in respect thereof.

The representations and warranties referred to will include statements to the following effect (and, where reference is made to the "origination" of any Mortgage Loans, such reference shall include Mortgage Loans originated by the Originator). The warranties will be given by the Seller on the Closing Date by reference to the facts and circumstances subsisting at the Closing Date except where the warranty is expressed to be by reference to the Initial Mortgage Portfolio Cut-Off Date, in which case it shall be given by reference to the facts and circumstances subsisting as at the Initial Mortgage Portfolio Cut-Off Date:

- (a) *Legal and beneficial owner*

On the Closing Date, the Seller was (subject only, where applicable, to completion of the registration or recording at the Land Registry) the absolute unencumbered legal and beneficial owner of the Mortgage Loans and their related mortgages and other Related Security, free and clear from all prior security interests.

- (b) *Legal valid and binding obligation*

Each Mortgage Loan and its related Mortgage and other Related Security constitutes a legal, valid and binding obligation of the relevant Borrower enforceable in accordance with its terms and is non-

cancellable (except that (1) enforceability may be limited (i) by the bankruptcy or insolvency of, or the commencement of voluntary or involuntary insolvency procedures by or in the name of the Borrower, (ii) laws of general applicability affecting the enforcement of creditors' rights generally, (iii) the court's discretion in relation to equitable remedies and (iv) (without prejudice to the statement at paragraph (r) below) the application of the UTCCR or the Consumer Rights Act 2015 (the "CRA") and (2) no warranty is given in relation to any obligation of the Borrower to pay prepayment charges, mortgage administration fees, exit fees or charges payable in the event of Borrower default), and such related Mortgage and other Related Security secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower in respect of the Mortgage Loan.

(c) *Practices and discretion*

The origination, collection and administration practices employed by the Originator with respect to any Mortgage Loan have been in all respects legal and consistent with its origination, collection and administration policies in force at the time of origination of the Mortgage Loans and the exercise of any discretion by the Originator in making any Mortgage Loan has been consistent with the practice of a Prudent Mortgage Lender.

(d) *No adverse effect of assignment*

Neither the entry by the Seller into the Mortgage Sale Agreement nor any sale, transfer, assignment, assignation or creation of trust contemplated by the Mortgage Sale Agreement and its related agreements materially adversely affects or will materially adversely affect any of the Mortgage Loans and its related Mortgage and other Related Security and the Seller may enter into the Mortgage Sale Agreement and freely sell, transfer, assign and enter into trust arrangements in respect of all its rights, title, interests and benefits therein as contemplated in the Mortgage Sale Agreement without breaching any term or condition applying to any of the Mortgage Loans or its related Mortgage and other Related Security (including, without limitation, the insurance policies in respect of the Properties).

(e) *Approvals and consents*

All formal approvals, consents and other steps necessary to permit an equitable assignment of the Mortgage Loans and their related mortgages and their Related Security have been obtained or taken.

(f) *First ranking mortgage*

Subject to completion of any registration or recording which may be pending at the Land Registry, each Mortgage Loan is secured by a mortgage which constitutes a first ranking charge by way of legal mortgage over the relevant property, and there is nothing to prevent such registration or recording being effected with absolute title or good leasehold title in due course. For the avoidance of doubt, the fact of the existence of a second ranking charge over the relevant property does not render this warranty untrue.

(g) *No Borrower right of set off*

No lien or right of set off, retention, compensation, rescission, defence or counterclaim has been created or has arisen between the Originator and any Borrower which would entitle such Borrower to reduce the amount of any payment otherwise due in respect of such Mortgage Loan and to the best of the Seller's knowledge, no such lien or right has been asserted by any Borrower.

(h) *Searches and insurance as to title*

Save where the Mortgage in respect of the Mortgage Loan is covered by a valid defective title and/or local search insurance policy, prior to making a Mortgage Loan (other than in respect of a Further Advance) to a Borrower, the Originator will have instructed, or required to be instructed on its behalf, solicitors or licensed or qualified conveyancers to carry out in relation to the relevant property all investigations, searches and other actions and enquiries which a Prudent Mortgage Lender or its solicitors or licensed or qualified conveyancers normally make when lending to an individual on the security of residential property in the United Kingdom and in each case received a report on title or certificate of title which, either initially or after further investigation, revealed no material matter which would cause a Prudent Mortgage Lender to decline the Mortgage Loan having regard to the Lending Criteria.

Each defective title and/or local search insurance policy has been issued by a reputable title insurance company that has previously been approved by the Originator, is in full force and effect and all premiums thereon due on or before the Closing Date have been paid in full and the Seller is not aware of any circumstances giving the insurer under the policy the right to void or terminate such policy.

(i) *Valuation*

Prior to making a Mortgage Loan (other than in respect of a Further Advance), the relevant Property was valued in accordance with the Lending Criteria by either:

- (A) an independent qualified surveyor (ASSOCs, RICS, MRICS or FRICS or equivalent qualification) chosen from the panel of valuers from time to time appointed by the Originator or as otherwise permitted under the Lending Criteria; or
- (B) an Automated Valuation Model ("AVM") valuation supplied by Hometrack Ltd for origination mortgage applications where a combination of the mortgage product's terms and some, pre-defined, attributes of the property meet the Seller's Lending Criteria requirements for when the use of an AVM valuation is permitted,

the results of each such valuation would be acceptable to a Prudent Mortgage Lender.

(j) *Waiver of rights against solicitors, licensed conveyancers or valuers*

The Seller has not agreed to waive any of its rights against any valuer, solicitor, licensed or qualified conveyancer or other professional who has provided information, carried out work or given advice in connection with any Mortgage Loan or its related Mortgage and Related Security.

(k) *Further Advances*

There is no obligation on the Seller under the Mortgage Loan agreement in respect of any Mortgage Loan to make any Further Advance to the relevant Borrower.

(l) *Registration*

In relation to each Mortgage the registration or recording of which is pending at the Land Registry, so far as the Seller is aware, there is no caution, notice, inhibition, restriction or other matter which would prevent the registration or recording of that Mortgage as a first priority charge or mortgage and application for registration has been made to the Land Registry within the applicable priority period.

(m) *Compliance with Lending Criteria*

Immediately prior to making a Mortgage Loan, the nature and amount of such Mortgage Loan and its Related Security and the circumstances of the relevant Borrower and the relevant property satisfied the Lending Criteria in all material respects.

(n) *Standard documentation*

Each Mortgage Loan and its related Mortgage have been made on the terms of, or on terms not materially different from, documents forming part of the Standard Mortgage Documentation and such documents have not been varied in any material respect since the date of completion of the Mortgage Loan, other than as required to comply with any applicable law or regulation.

(o) *Material obligations*

The Originator has complied with its material obligations under each Mortgage Loan.

(p) *Consumer Credit Act*

No agreement for any Mortgage Loan or variation of such agreement is or includes a regulated consumer credit agreement (as defined in Section 8 of the CCA) or constitutes any other agreement regulated or partly regulated by the CCA (other than Sections 140A to 140D of the CCA) or, to the extent that it is so regulated or partly regulated, all the requirements of the CCA have been met in full (or to the extent

of any non-compliance, such non-compliance would not be such as to prevent enforcement of that Mortgage Loan or any of its material terms by the Seller).

(q) *Distance Marketing Regulations*

To the extent that any of the Mortgage Loans qualify as "distance contracts" (as defined by the Financial Services (Distance Marketing) Regulations 2004), the Originator has complied with the provisions of such regulations in all material respects in respect of such Mortgage Loans.

(r) *Unfair Terms in Consumer Contracts Regulations*

To the best of the Seller's knowledge:

- (i) to the extent that the agreement for any Mortgage Loan was not "individually negotiated" between the Originator and the relevant Borrower, so far as the Seller is aware, none of the terms of such Mortgage Loan and its related Mortgage are unfair terms within the meaning of the Unfair Terms in Consumer Contracts Regulations 1994 or the Unfair Terms in Consumer Contracts Regulations 1999 in any material respect save those which impose early repayment charges; and
- (ii) none of the terms in any Mortgage Loan or in its Related Security is not binding or otherwise unenforceable by virtue of being unfair within the meaning of the CRA.

(s) *Unfair Relationships*

No order has been made in respect of any Mortgage Loan under Section 140B of the CCA and no grounds exist in relation to any Mortgage Loan which will give rise to the making of an order under Section 140B of the CCA in respect of such Mortgage Loan.

(t) *MCOB*

To the extent that any Mortgage Loan constitutes a regulated mortgage contract for the purposes of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, at the time it was made or varied, the origination, documentation and administration of such Mortgage Loan by the Relevant Originator complied with all applicable provisions of MCOB and has been administered in accordance with the provisions of MCOB.

(u) *Consumer Credit Act authorisation*

The Originator has, at all relevant times in relation to each Mortgage Loan, where required, held a subsisting licence under the CCA to carry on consumer credit business and any applicable ancillary credit business activities in the United Kingdom.

(v) *Data Protection Act registration*

The Originator was at all relevant times in relation to each Mortgage Loan, and is, registered as a data controller with the Office of the Information Commissioner under the provisions of the Data Protection Laws.

(w) *FCA authorisation*

In relation to each Mortgage Loan originated or varied by the Originator, the Originator has either been authorised by the FCA or has been an EEA firm qualifying for authorisation under Schedule 3 to FSMA and has maintained all requisite FCA permissions required pursuant to FSMA in relation to both the origination and the administration of each relevant Mortgage Loan as well as any advisory activities undertaken in respect of all the relevant Mortgage Loans.

(x) *Dealing with Mortgage Loans*

- (i) So far as the Seller is aware, as at the Closing Date, no Borrower is in material breach of the mortgage conditions of its Mortgage Loan.

- (ii) Other than in respect of a Further Advance, the first monthly payment due from the Borrower under each Mortgage Loan has been paid in full.
  - (iii) So far as the Seller is aware, no representation or warranty has been made to a Borrower whether prior to the execution of the relevant Mortgage Loan agreement or at any time thereafter which is inconsistent with the terms and provisions set out in the relevant Mortgage Loan agreement in respect of a Mortgage Loan.
  - (iv) None of the provisions of the Mortgage Loan agreements in respect of the Mortgage Loans were (at the time any such Mortgage Loan agreement was entered into) or have since been waived, altered or modified except (i) in connection with a Product Switch where "**Product Switch**" means a variation in the Mortgage Loan agreement in respect of a Mortgage Loan so that it changes from one of the forms of Mortgage Loan agreement forming part of the Standard Documentation to one of the other forms of Mortgage Loan agreement forming part of the Standard Documentation and/or (ii) a change to the terms of a Mortgage Loan to which a Prudent Mortgage Lender would have agreed.
- (y) *Insurance*
- (i) The Originator took such steps as a Prudent Mortgage Lender would take to ensure that at the date of completion of each Mortgage Loan (other than in respect of a Further Advance) the relevant property was insured under a policy with an insurance company in the joint names of the Borrower and the Originator, or with the Originator's interest noted or in accordance with the Lenders' Handbook, against fire and other commercial risks usually covered by a Prudent Mortgage Lender for an amount not less than the full reinstatement value at or around the time that the relevant Mortgage Loan was made, or in the case of leasehold properties, the relevant property was insured by the relevant landlord.
  - (ii) The Seller also currently maintains contingency policies in relation to such Mortgage Loans.
- (z) *Origination Dates*
- All Mortgage Loans were originated between July 2014 and June 2023.
- (aa) *Mortgage Loan Term*
- No Mortgage Loan has a final maturity beyond the date falling two years prior to the Final Maturity Date.
- (bb) *Balance*
- As at the Initial Mortgage Portfolio Cut-Off Date, no Mortgage Loan has a Principal Balance of greater than £1,000,000.
- (cc) *Property Deeds and Loan Files*
- Except where lodged with the relevant registry in relation to any registration or recording which may be pending at the Land Registry or where the title to the Property is dematerialised, all property deeds and Loan Files in respect of Mortgage Loans are in the Seller's possession or held to its order or are held on trust for it by GovCo.
- (dd) *Borrower*
- Each Borrower is an individual, was 18 years or over at the time of completion of the relevant Mortgage Loan and, if a Borrower was an employee or officer of the Originator at such time, the terms of the Mortgage Loan were not more favourable to the Borrower than would have been the case were the Borrower not an employee or officer of the Originator.

(ec) *Property type and location*

- (i) Each property the subject of the mortgage securing any Mortgage Loan is a residential property situated in England and Wales. No property that is the subject of a Mortgage securing any Mortgage Loan is a commercial property.
- (ii) Each Property constitutes a separate dwelling unit (subject to limited case by case exceptions which would be acceptable to a Prudent Mortgage Lender).

(ff) *Currency*

Each Mortgage Loan was originated by the Originator in sterling and is denominated in sterling and is currently repayable in sterling.

(gg) *Ordinary course*

Each Mortgage Loan was originated in the ordinary course of the Originator's residential secured lending activities.

(hh) *No stock or marketable securities or chargeable securities or chargeable interest*

No Mortgage Loan or Related Security or Ancillary Right consists of "stock" or "marketable securities" (in either case for the purposes of Section 122 of the Stamp Act 1891), "chargeable securities" (for the purposes of Section 99 of the Finance Act 1986) or a "chargeable interest" for the purposes of Section 48 of the Finance Act 2003 or a "chargeable interest" for the purposes of Section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017.

(ii) *Interest rate determination*

Each Mortgage Loan is a Variable Rate Loan or a Fixed Rate Mortgage Loan. The rate of interest in respect of each Variable Rate Loan is set at a fixed margin above or below the Seller's standard variable rate ("SVR") and the terms of the Variable Rate Loans allow the Seller to change its standard variable rate to reflect any changes in the Bank of England Base Rate.

(jj) *Administration*

The Seller has procured that since the creation of any Mortgage Loan full and proper accounts, books and records have been kept showing clearly all material transactions, payments, receipts, notices and proceedings relating to such Mortgage Loan and its Mortgage and its Related Security and all such accounts, books and records are up to date, accurate in all material respects and have been kept to standards acceptable to a Prudent Mortgage Lender and in the possession of the Servicer or held to its order (subject to the provisions of the Deed of Charge).

(kk) *No Fraud*

So far as the Seller is aware (a) no fraud has been perpetrated by any Borrower or other person (whether or not an agent or employee of the Seller or otherwise) in or in relation to or in connection with the origination or completion of any Mortgage Loan or its Related Security and (b) none of the documents, reports, applications, forms and deeds given, made, drawn up or executed in relation to such origination or completion has been given, made, drawn up or executed in a fraudulent manner.

(ll) *Title*

In relation to each Mortgage, if the property is not registered the Borrower has a good and marketable title to the fee simple absolute in possession or a term of years absolute in the relevant property; and it has been or is in the course of registration with title absolute in the case of freehold property or absolute or good leasehold title in the case of leasehold property or possessory title if complying with the relevant Lenders' Handbook requirements and if in the course of registration so far as the Seller is aware there is nothing to prevent such registration being effected with such title and the Borrower registered as proprietor of such title in due course.

All joint legal owners of the property have joined in the Mortgage applicable to their property.

(mm) *Occupiers*

To the best of the Seller's knowledge having made due enquiry in accordance with the Lending Criteria, save where the Mortgage in respect of the Mortgage Loan is covered by a valid defective title indemnity policy which covers failure to obtain a licence or waiver of any rights in a property from an adult occupier under the age of 25 who is the child or grandchild of a Borrower, every person (except a tenant of the Borrower) who, at the date upon which the Mortgage was granted had attained the age of 18 and was in or about to be in actual occupation of the relevant property, is either named as a Borrower or has signed a deed of consent in the form of the pro forma contained in Standard Mortgage Documentation which was applicable at the time the Mortgage was executed and which has the effect of postponing any present or future rights or interests as he or she may have or acquire over or in respect of the relevant property, and make such interests subject to the rights, interests and remedies of the Originator, under the relevant Mortgage.

(nn) *Pending Litigation or Claims*

As at the Initial Mortgage Portfolio Cut-Off Date, the Seller has not received written notice of any litigation or claim calling into question in any material way its title to any Mortgage Loan and/or its related Mortgage or the value of any other security relative to that Mortgage Loan.

(oo) *Mortgage Loan Particulars*

As at the Initial Mortgage Portfolio Cut-Off Date, the particulars of each Mortgage Loan and its related Mortgage in the initial Mortgage Portfolio set out in Schedule 9 to the Mortgage Sale Agreement are complete, true and accurate in all material respects.

(pp) *Arrears*

As at the Initial Mortgage Portfolio Cut-Off Date, the aggregate amount overdue in respect of any Mortgage Loan does not exceed an amount equal to one monthly payment under such Mortgage Loan.

(qq) *Maturity*

As at the Initial Mortgage Portfolio Cut-Off Date, each Mortgage Loan has a contractual maturity of less than 40 years.

(rr) *Borrower Solvency*

So far as the Seller is aware no bankruptcy order has been made against any Borrower and no Borrower has applied for an individual voluntary arrangement, trust deed or debt arrangement scheme, or had a county court judgement (or equivalent decree) entered against them in the period 6 years immediately prior to the point of origination of the relevant Mortgage Loan.

(ss) *Self-Certified Mortgage Loans*

No Mortgage Loan has been granted on the basis of a self-certification of income by the Borrower.

(tt) *Significant Deposit Loan*

As at the Initial Mortgage Portfolio Cut-Off Date, other than in respect of Further Advances, no Mortgage Loan is a Significant Deposit Loan.

(uu) *Financial Assets*

The Mortgage Loans sold by the Seller to the Issuer pursuant to the Mortgage Sale Agreement are "financial assets" within the meaning of Regulation 9A of the Taxation of Securitisation Companies Regulations S.I.2006/3296 (as amended).

(vv) *Restructured Mortgage Loans*

As at the Initial Mortgage Portfolio Cut-Off Date, no Mortgage Loan has been rescheduled or altered as a result of being in or falling into arrears or adverse performance (excluding, for the avoidance of doubt, a Mortgage Loan which is not in arrears or adverse performance at the time it is restructured or altered).

(ww) *No Circumstance That Will Adversely Affect Properties in Possession*

As far as the Seller is aware, no act or circumstance has occurred which will adversely affect the Properties in Possession Policy / Block Policy or entitle the insurers to refuse payment or reduce the amount payable.

(xx) *Perfection of Title*

The Seller's title to each Mortgage Loan has been perfected or the steps necessary to do so are in the process of being taken. The Seller may freely transfer all its rights, title, interests and benefits in the Mortgage Loans as contemplated in the Mortgage Sale Agreement.

(yy) *Risk Weight*

The Mortgage Loans to be purchased by the Issuer on the Closing Date meet, on the Closing Date, the conditions for being assigned a risk weight equal to or smaller than 40 per cent. on an exposure value-weighted average basis for the portfolio of such Mortgage Loans as set out and within the meaning of Article 243(2)(b) UK CRR.

(zz) *Indexed LTV*

No Mortgage Loan has an indexed LTV higher than 95% as at the Initial Mortgage Portfolio Cut-Off Date.

### **Further Advances**

Under the Mortgage Sale Agreement, the Issuer shall, at any time after the Closing Date and subject to certain conditions set out in the Mortgage Sale Agreement, purchase any advance of further money made by the Seller to a Borrower following the making of the initial advance under the relevant Mortgage Loan (a "**Further Advance**" and the date of making of a Further Advance, an "**Advance Date**"), which is secured by the security of the Related Security granted by that Borrower to secure the original Mortgage Loan (and any previous Further Advances made to such Borrower). None of the Mortgage Loans in the Provisional Mortgage Portfolio oblige the Seller to make further advances.

The Originator may have made further advances on some Mortgage Loans in the initial Mortgage Portfolio prior to their sale to the Issuer.

If a Borrower requests, or the Seller or the Servicer (on behalf of the Seller) offers, a Further Advance under a Mortgage Loan, the Seller or the Servicer (on behalf of the Seller) will be solely responsible for offering, documenting and funding that Further Advance. The Further Advance will be sold to the Issuer on the relevant Advance Date.

The Seller must, in relation to a Mortgage Loan which is subject to the Further Advance, give the Seller Asset Warranties (subject to certain exclusions) set out in the Mortgage Sale Agreement in respect of any Further Advances on the Calculation Date following the Advance Period in which any Further Advance was made in respect of such Mortgage Loan, as if references to the Initial Mortgage Portfolio Cut-Off Date and the Closing Date were references to the Advance Date. The purchase price for the relevant Further Advance shall be an amount equal to the principal amount in relation to each of the Further Advances as at each relevant Advance Date (the "**Further Advance Consideration**"), the payment of which can be satisfied through the retention by the Seller or withdrawal from the Transaction Account by the Cash Manager of Principal Receipts available to the Issuer on the third Business Day in the calendar month following the calendar month in which any Further Advance was made (each such date a "**Further Advance Consideration Payment Date**"). If the Issuer is not entitled to sufficient Principal Receipts on the relevant date to pay the Further Advance Consideration in full, the Seller will be required to repurchase the Further Advance Mortgage Loan.

The Seller shall determine whether any of the following conditions (the "**Further Advance Conditions**") were not satisfied on the relevant Further Advance Satisfaction Date (as defined below):

- (a) the Advance Date falls prior to the Step-Up Date;
- (b) the Advance Date falls prior to the occurrence of an Insolvency Event in respect of BOIUK;



- (c) no Event of Default has occurred and is continuing;
- (d) the Further Advance Mortgage Loan, its Related Security and the circumstances of the Borrower on the Advance Date comply with the Lending Criteria in all material respects;
- (e) the mortgage documentation relating to such Further Advance Mortgage Loan and its Related Security constitutes legal, valid and binding obligations of the relevant Borrower, provider of security or insurance company (as the case may be) 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 courts' discretions in relation to equitable remedies;
- (f) at the time of the proposed Further Advance, the relevant Borrower is not, so far as the Servicer is aware, in material breach (including, without limitation, non-payment of any amounts due) of any of the conditions of the relevant Borrower's Mortgage Loan and such conditions will be satisfied immediately prior to the making of such Further Advance;
- (g) on the date immediately following the proposed Advance Date, there is no deficiency recorded in the Class A Principal Deficiency Sub-Ledger;
- (h) the amount standing to the credit of the General Reserve Fund is equal to the General Reserve Fund Required Amount;
- (i) the Further Advance Mortgage Loan is, if it is a Fixed Rate Loan, included in the notional amount of the Fixed Rate Swap for the calculation period (as defined under the Fixed Rate Swap Agreement) commencing after the end of the Calculation Period in which the Advance Date occurred;
- (j) on the last day of the immediately preceding Calculation Period the aggregate Principal Balances of all Mortgage Loans that were three months or more in arrears on such date did not exceed 3 per cent. of the aggregate Principal Balances of all Mortgage Loans on such date;
- (k) the resulting weighted average original LTV of all Mortgage Loans, including the relevant Further Advance, does not exceed 85 per cent.;
- (l) the Further Advance Mortgage Loan does not have a Current LTV Ratio greater than 85 per cent.; and
- (m) the aggregate amount of Further Advances does not exceed 5 per cent. of the Principal Amount Outstanding of the Notes as at the Closing Date.

In relation to the Further Advance Conditions set out in paragraphs (a) to (m) (excluding paragraph (i)) above, such Further Advance Conditions shall be tested on the Calculation Date following the Advance Period in which any Further Advance was made and in relation to the Further Advance Condition set out in paragraph (i) above, such Further Advance Condition shall be tested on the first day of the calculation period (as defined under the Fixed Rate Swap Agreement) commencing after the end of the Calculation Period in which the Advance Date occurred (each a "**Further Advance Satisfaction Date**").

If the Further Advance Conditions are not satisfied on the relevant Further Advance Satisfaction Date (and, where such breach is capable of remedy, not satisfied within a 30 Business Day grace period), then the Seller must repurchase the beneficial interest in the relevant Mortgage Loan and its Related Security on the Repurchase Completion Date specified in the Mortgage Loan Repurchase Notice for such Mortgage Loan and its Related Security (which shall be a date no later than 30 calendar days after the date thereof).

In addition, the Seller has agreed in the Mortgage Sale Agreement that, if it is subsequently determined that:

- (a) any of the representations or warranties made by it on the Calculation Date following the Advance Period in which any Further Advance was made were materially untrue; or
- (b) any of the Further Advance Conditions was in fact not satisfied in relation to a Further Advance on the relevant Further Advance Satisfaction Date,

and, in either case, this (where capable of remedy) has not been remedied within 30 Business Days, the Seller will repurchase the entire Further Advance Mortgage Loan and its Related Security (including, for the avoidance of doubt, the Further Advance) on the Repurchase Completion Date specified in the Mortgage Loan Repurchase

Notice for such Further Advance Mortgage Loan and its Related Security (which shall be a date no later than 30 calendar days after the date thereof)).

Consideration for the repurchase of any Further Advance Mortgage Loan shall be provided by payment in cash in an amount equal to the Repurchase Price.

### **Product Switches**

The Servicer (on behalf of the Seller and the Issuer) may agree to a request by a Borrower to convert his or her Mortgage Loan into any other type (or combination of types) of mortgage product offered by the Seller even if not expressly permitted or contemplated by the terms of the Mortgage Loan (a Mortgage Loan that is the subject of a Product Switch being, following the Product Switch, a "**Converted Mortgage Loan**"), if (and only if) the following conditions ("**Product Switch Conditions**") are satisfied:

- (a) the conversion of the Mortgage Loan occurs prior to the Step-Up Date;
- (b) the conversion of a Mortgage Loan occurs prior to an Insolvency Event in respect of BOIUK;
- (c) no Event of Default has occurred and is continuing;
- (d) the Converted Mortgage Loan, its Related Security and the circumstances of the Borrower at the time the conversion is made comply with the Lending Criteria in all material respects;
- (e) the mortgage documentation relating to such Converted Mortgage Loan and its Related Security constitutes legal, valid and binding obligations of the relevant Borrower, provider of security or insurance company (as the case may be) 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 courts' discretions in relation to equitable remedies;
- (f) at the time of the proposed conversion, the relevant Borrower is not, so far as the Seller is aware, in material breach (including, without limitation, non-payment of any amounts due) of any of the conditions of the relevant Borrower's Mortgage Loan and such conditions will be satisfied immediately prior to the making of such conversion;
- (g) on the date immediately following the proposed date of conversion, there is no deficiency recorded in the Class A Principal Deficiency Sub-Ledger;
- (h) the amount standing to the credit of the General Reserve Fund is equal to the General Reserve Fund Required Amount;
- (i) the Converted Mortgage Loan is (if, following the Product Switch, it is a Fixed Rate Loan) included in the notional amount of the Fixed Rate Swap for the calculation period (as defined under the Fixed Rate Swap Agreement) commencing after the end of the Calculation Period in which the Product Switch occurred;
- (j) on the last day of the immediately preceding Calculation Period the aggregate Principal Balances of all Mortgage Loans that were three months or more in arrears on such date did not exceed 3 per cent. of the aggregate Principal Balances of all Mortgage Loans on such date;
- (k) the Converted Mortgage Loan does not have a maturity date which is later than the date which is 2 years prior to the Final Maturity Date;
- (l) the conversion of the Mortgage Loan into the Converted Mortgage Loan would not result in such Mortgage Loan being a Fixed Rate Loan at the end of the Product Period that extends past the date which is the first Interest Payment Date which is more than 5 years after the Step-Up Date;
- (m) the Converted Mortgage Loan is not (following the Product Switch) a RTB Loan, an offset mortgage loan, an interest only mortgage loan, a help to buy mortgage loan, a part and part mortgage loan, a tracker loan, a mortgage loan that would become a tracker loan on expiration of its Product Period or a buy-to-let mortgage loan; and
- (n) the Converted Mortgage Loan does not have a Current LTV Ratio greater than 85 per cent.

The Product Switch Conditions set out in paragraph (a) to (n) (excluding paragraph (i)) above shall be tested on the Calculation Date following each month during which a Product Switch has occurred. The Product Switch Condition set out in paragraph (i) above, shall be tested on the first day of the calculation period (as defined under the Fixed Rate Swap Agreement) commencing after the end of the Calculation Period in which the Product Switch occurred.

If a Mortgage Loan is converted into a Converted Mortgage Loan in breach of any of the Product Switch Conditions, then the Seller will be required to remedy such breach within 30 calendar days and if such breach is not capable of remedy or is not remedied within 30 calendar days of the Calculation Date following the month during which the Product Switch has occurred, the Seller will be required to repurchase the Converted Mortgage Loan and its Related Security for a consideration in cash which is equal to the Repurchase Price on the Repurchase Completion Date specified in the Mortgage Loan Repurchase Notice for such Converted Mortgage Loan and its Related Security (which shall be a date no later than 30 calendar days after the date thereof). Performance of the obligation to repurchase or procure the repurchase of such Converted Mortgage Loan and its Related Security will satisfy all of the Seller's liabilities in respect of such breach.

Irrespective of whether the Product Switch Conditions are satisfied, the Servicer may only agree to amend or vary the Mortgage Loans and their Related Security where such change falls into the category below entitled "*Amendments to Mortgage Loans*", which may be made at any time.

### **Non-Performing Mortgage Loans**

A Mortgage Loan will be considered a "Non-Performing Mortgage Loan" if the Seller has determined that a default has occurred with respect to the relevant Borrower within the meaning of Article 178 of the UK CRR or the EU CRR (including in each case, without limitation, any associated regulatory technical standards, supervisory statements, rules, advice, guidance or recommendations from any competent authority or relevant regulators and as the same may be amended, restated, supplemented, replaced and/or novated from time to time).

The Seller may from time to time, at its option, require the Issuer to sell to it any Mortgage Loans comprised in the Mortgage Portfolio and its Related Security for a consideration in cash in an amount equal to the Principal Balance plus Accrued Interest and all Arrears of Interest of such Mortgage Loan at the close of business on the Business Day preceding the date of completion of such repurchase, if such Mortgage Loan is determined by the Seller to be a Non-Performing Mortgage Loan.

If the Seller exercises its option to repurchase Non-Performing Mortgage Loans, it will deliver a written notice to the Trustee, the Issuer, the Servicer and the Cash Manager identifying the Mortgage Loans to be repurchased pursuant to the terms of the Mortgage Sale Agreement. Within 2 Business Days of receipt of such notice, the Issuer (or the Cash Manager on its behalf) shall sign the acknowledgement to the repurchase notice thereby agreeing to reassign or retransfer to the Seller free from the security interests created by the Deed of Charge and any supplement thereto, each relevant Non-Performing Mortgage Loan and its Related Security.

### **Seller's option to purchase the Mortgage Loans from and including the Step-Up Date**

From and including the Step-Up Date, the Seller may, at its option, purchase all (but not some only) of the Mortgage Loans at that time comprised in the Mortgage Portfolio on any Interest Payment Date provided that:

- (a) a notice is delivered to the Issuer and the Trustee no later than on the fourteenth calendar day preceding such Interest Payment Date; and
- (b) a solvency certificate of the Seller dated such Interest Payment Date, signed by one of its Authorised Signatories and substantially in the form agreed between the Seller and the Issuer is delivered to the Issuer on such Interest Payment Date.

### *Amendments to Mortgage Loans*

In certain circumstances, the Servicer may make certain amendments or variations to the Mortgage Loans and their Related Security in accordance with the terms and conditions of the Servicing Agreement provided that agreeing to such amendments or variations would be in accordance with the practices of a Prudent Mortgage Lender or where the Servicer considers that to do so would be in the best interests of the Issuer.

Any such amendments are at the sole discretion of the Servicer and not a right of a Borrower. To ascertain whether any amendment is appropriate, the Servicer will act as a Prudent Mortgage Lender and, in relation to

any proposed material amendment, will reconsider the Mortgage Loan (and/or its Related Security) and carry out the equivalent analysis and approval process, as appropriate.

For the avoidance of doubt, the following changes may be made by the Servicer in accordance with the practice of a Prudent Mortgage Lender and will not result in a Product Switch or a Mortgage Loan becoming a Converted Mortgage Loan:

- (a) an addition or release of a party to the Mortgage Loan;
- (b) any variation agreed with a Borrower to prevent, control or manage arrears on the Mortgage Loan; or
- (c) any variation imposed by statute,

provided that such change would not breach any Seller Asset Warranties were such warranties to be made on the date of such change.

### **Insurance Policies**

The Seller has entered into various insurance policies in relation to, *inter alia*, the Mortgage Loans and payments to be made to it thereunder. The Seller has, in relation to, *inter alia*, the Mortgage Loans the benefit of such insurance policies.

The Seller will grant an assignment to the Issuer of any proceeds received by it under or in respect of certain of these policies to the extent that such proceeds relate to the Mortgage Loans in the Mortgage Portfolio and to the extent the relevant insurance contract is still in place. The Servicer has agreed in the Servicing Agreement to ensure or procure that none of the Insurance Policies referred to in (c) and (d) of the definition of "Insurance Policies" in relation to the Mortgage Loans will be allowed to lapse, except where they are replaced with a substantially equivalent policy and the proceeds of any such policy have been assigned to or held on trust for the Issuer. The Issuer will assign its interest in the proceeds of the relevant policies to the Trustee pursuant to the Deed of Charge.

## STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO

As at the Provisional Mortgage Portfolio Cut-off Date (as defined below) the Provisional Mortgage Portfolio consisted of 2,922 mortgage loans originated by the Originator between July 2014 and June 2023 and secured over properties located in England and Wales.

The statistical and other information contained in this Prospectus relating to Mortgage Loans in the Provisional Mortgage Portfolio has been compiled by reference to data derived from such Mortgage Loans as at the Provisional Mortgage Portfolio Cut-Off Date. The aggregate Principal Balance of the Mortgage Loans in the Provisional Mortgage Portfolio as at the Provisional Mortgage Portfolio Cut-off Date was £479,169,973. Columns may not add up to 100 per cent. due to rounding. The Mortgage Portfolio transferred on the Closing Date may differ from the Provisional Mortgage Portfolio due to (i) the Mortgage Loans in the Mortgage Portfolio having been selected at random from the Provisional Mortgage Portfolio until the target balance for the Mortgage Portfolio has been reached, (ii) any redemptions of mortgage loans occurring or enforcement procedures being completed, in each case during the period between 31 October 2023 (the "**Initial Mortgage Portfolio Cut-Off Date**") and the Closing Date or (iii) if the Mortgage Loan would breach the Seller Asset Warranties to be made on the Closing Date or would on the Closing Date be an exposure in default within the meaning of Article 178(1) of UK CRR for the purposes of Article 20(11) of the UK Securitisation Regulation. However, as stated above, the benefit of all collections received in respect of Mortgage Loans in the Mortgage Portfolio during the period from the Initial Mortgage Portfolio Cut-Off Date will be for the account of the Issuer. Except as otherwise indicated, these tables have been prepared using the Principal Balance as at the Provisional Mortgage Portfolio Cut-off Date. All indexations are based on the non-seasonally adjusted index from the Nationwide House Price Index.

For the purposes of administration, the Initial Advance and any future Further Advances are recorded to separate sub-accounts (being referred to as "**sub-accounts**" in the following tables). Each sub-account in respect of a Mortgage Loan is secured on the same Property but may differ in some way as to, *inter alia*, origination date, interest rate, maturity date and repayment terms.

### Characteristics of the Provisional Mortgage Portfolio

As at 31 July 2023 (the "**Provisional Mortgage Portfolio Cut-Off Date**"), the Provisional Mortgage Portfolio has the characteristics indicated in Tables 1 to 17 below.

1. Each Mortgage Loan as referred to in this section represents an account of each Borrower in respect of one Property.
2. Each Mortgage Loan in Tables 1 to 17 consists of one or more separate sub-accounts (each a "**Sub-Account**"). The number of Sub-Accounts is therefore greater than the number of Mortgage Loans in the Provisional Mortgage Portfolio. The Sub-Accounts in respect of a Mortgage Loan may differ in repayment type, interest rate and interest rate type or, in the case of Mortgage Loans where further advances have been made, in origination and maturity dates.
3. Each number in the tables is rounded correctly to the level shown, therefore the totals of the numbers shown may be slightly different from the column totals.

### Summary

Total outstanding principal balances £	479,169,973.15
Number of mortgage loans	2,922
Average mortgage principal balance £	155,575
Weighted Average Current LTV Ratio	70.47%
Weighted Average Seasoning	2.22 years
Weighted Average Remaining Term	25.55 years
Weighted Average Interest Rate	3.72%

## 1. Original Balances

The following table shows the original Principal Balance of Mortgage Loans in the Provisional Mortgage Portfolio as at the date of the Initial Advance.

Range of original balances £000			Outstanding Original Balances	%of total	Number of Sub Accounts	% of total
	less than	£50	3,044,541	0.6%	131	4.3%
£50	to less than	£100	34,654,639	6.6%	433	14.1%
£100	to less than	£150	119,330,883	22.6%	964	31.3%
£150	to less than	£200	115,792,213	22.0%	674	21.9%
£200	to less than	£250	86,789,083	16.5%	392	12.7%
£250	to less than	£300	59,020,635	11.2%	217	7.0%
£300	to less than	£350	35,608,750	6.8%	111	3.6%
£350	to less than	£400	21,606,152	4.1%	58	1.9%
£400	to less than	£450	15,205,995	2.9%	36	1.2%
£450	to less than	£500	8,090,581	1.5%	17	0.6%
	greater than	£500	28,022,885	5.3%	47	1.5%
<b>Totals.....</b>			<b>527,166,357</b>	<b>100.0%</b>	<b>3,080</b>	<b>100.0%</b>
Minimum .....			666			
Maximum.....			904,985			
Average.....			171,158			

## 2. Outstanding Principal Balances

The following table shows the range of outstanding Principal Balances of Mortgage Loans in the Provisional Mortgage Portfolio as at the Provisional Mortgage Portfolio Cut-Off Date.

Category £000			Outstanding Principal Balances	%of total	Number of Sub Accounts	% of total
	less than	£50	7,251,905	1.5%	253	8.2%
£50	to less than	£100	46,935,988	9.8%	595	19.3%
£100	to less than	£150	113,589,936	23.7%	912	29.6%
£150	to less than	£200	102,680,980	21.4%	594	19.3%
£200	to less than	£250	78,988,708	16.5%	353	11.5%
£250	to less than	£300	44,852,184	9.4%	164	5.3%
£300	to less than	£350	25,437,507	5.3%	79	2.6%
£350	to less than	£400	19,609,377	4.1%	53	1.7%
£400	to less than	£450	8,785,693	1.8%	21	0.7%
£450	to less than	£500	9,956,552	2.1%	21	0.7%
	greater than	£500	21,081,143	4.4%	35	1.1%
<b>Totals .....</b>			<b>479,169,973</b>	<b>100.0%</b>	<b>3,080</b>	<b>100.0%</b>
Minimum .....			634			
Maximum.....			897,348			
Average.....			155,575			

## 3. Original LTV ratios

The following table shows the range of original LTV Ratios, which express the aggregate outstanding Principal Balance of all Mortgage Loans in the Provisional Mortgage Portfolio at origination of the relevant Mortgage Loan, divided by the property valuation at origination of that Mortgage Loan. There has been no revaluation of the properties in respect of the relevant Mortgage Loans for the purpose of the issue of the Notes. The valuations quoted are as at the date of the original initial origination of the relevant Mortgage Loans.

Range of original LTV ratios			Outstanding Original Balances	%of total	Number of Sub Accounts	% of total
	less than	10%	130,000	0.0%	3	0.1%
10%	to less than	20%	2,656,426	0.5%	35	1.1%
20%	to less than	30%	6,889,518	1.3%	66	2.1%

Range of original LTV ratios			Outstanding Original Balances	%of total	Number of Sub Accounts	% of total
30%	to less than	40%	13,002,495	2.5%	121	3.9%
40%	to less than	50%	23,631,461	4.5%	161	5.2%
50%	to less than	60%	34,537,472	6.6%	231	7.5%
60%	to less than	70%	54,652,449	10.4%	334	10.8%
70%	to less than	80%	96,126,544	18.2%	525	17.0%
80%	to less than	90%	187,866,003	35.6%	962	31.2%
	greater than or equal to	90%	107,673,989	20.4%	642	20.8%
<b>Totals.....</b>			<b>527,166,357</b>	<b>100.0%</b>	<b>3,080</b>	<b>100.0%</b>
Minimum.....			9.00%			
Maximum.....			90.00%			
Weighted Average .....			75.98%			

#### 4. Current LTV ratios

The following table shows the range of current LTV Ratios of each Mortgage Loan in the Provisional Mortgage Portfolio, determined by reference to the outstanding Principal Balance of each Mortgage Loan in the Provisional Mortgage Portfolio as at the Provisional Mortgage Portfolio Cut-off Date or, if later, the most recent advance date divided by the property valuation at origination of the relevant Mortgage Loan or, if later, at the most recent advance date (which may be an indexed valuation as at the date of the most recent advance) (the "Current LTV Ratio").

Range of current LTV ratios			Outstanding Original Balances	%of total	Number of Sub Accounts	% of total
	less than	10%	569,238	0.1%	16	0.5%
10%	to less than	20%	4,141,392	0.9%	72	2.3%
20%	to less than	30%	8,819,874	1.8%	111	3.6%
30%	to less than	40%	17,602,634	3.7%	179	5.8%
40%	to less than	50%	29,447,505	6.1%	238	7.7%
50%	to less than	60%	47,586,559	9.9%	336	10.9%
60%	to less than	70%	71,429,320	14.9%	478	15.5%
70%	to less than	80%	132,294,450	27.6%	766	24.9%
80%	to less than	90%	167,279,001	34.9%	884	28.7%
	greater than or equal to	90%	-	0.0%	0	0.0%
<b>Totals.....</b>			<b>479,169,973</b>	<b>100.0%</b>	<b>3,080</b>	<b>100.0%</b>
Minimum.....			5.42%			
Maximum.....			89.93%			
Weighted Average.....			70.47%			

#### 5. Indexed LTV Ratios at date of most recent advance

The following table shows the range of indexed LTV Ratios in respect of all Mortgage Loans in the Provisional Mortgage Portfolio, determined by reference to the ratio of the Principal Balance of each Mortgage Loan as at the Provisional Mortgage Portfolio Cut-off Date or, if later, the most recent advance date to the amount of the most recent valuation of the mortgaged property relating to such Mortgage Loan, increased or decreased as appropriate by the increase or decrease in the Nationwide House Price Index since the date of that valuation.

Range of current indexed LTV ratios			Outstanding Original Balances	%of total	Number of Sub Accounts	% of total
	less than	10%	2,111,162	0.4%	112	3.6%
10%	to less than	20%	6,239,467	1.3%	113	3.7%
20%	to less than	30%	16,987,954	3.5%	183	5.9%
30%	to less than	40%	25,416,659	5.3%	229	7.4%
40%	to less than	50%	47,410,401	9.9%	331	10.7%
50%	to less than	60%	70,590,420	14.7%	473	15.4%
60%	to less than	70%	79,666,780	16.6%	489	15.9%
70%	to less than	80%	100,173,239	20.9%	509	16.5%

Range of current indexed LTV ratios			Outstanding Original Balances	% of total	Number of Sub Accounts	% of total
80%	to less than	90%	102,459,492	21.4%	482	15.6%
	greater than or equal to	90%	28,114,397	5.9%	159	5.2%
<b>Totals.....</b>			<b>479,169,973</b>	<b>100.0%</b>	<b>3,080</b>	<b>100.0%</b>
Minimum.....			0.48%			
Maximum.....			94.31%			
Weighted Average.....			65.60%			

## 6. Geographical spread

The following table shows the geographical distribution of Properties securing the Mortgage Loans in the Provisional Mortgage Portfolio as at the Provisional Mortgage Portfolio Cut-off Date. The Lending Criteria and current credit scoring tests do not take into account the geographical location of the property securing a Mortgage Loan.

Geographical Spread	Outstanding Principal Balances	% of total	Number of Sub Accounts	% of total
<i>Region</i>				
East Anglia .....	54,141,956	11.3%	294	9.5%
East Midlands .....	45,821,251	9.6%	324	10.5%
Greater London.....	56,537,378	11.8%	208	6.8%
North .....	20,406,219	4.3%	183	5.9%
North West .....	61,417,730	12.8%	464	15.1%
South East.....	79,881,119	16.7%	427	13.9%
South West .....	46,359,880	9.7%	288	9.4%
Wales.....	21,392,693	4.5%	177	5.7%
West Midlands.....	47,078,298	9.8%	345	11.2%
Yorkshire and & Humberside .....	46,133,447	9.6%	370	12.0%
<b>Total.....</b>	<b>479,169,973</b>	<b>100.0%</b>	<b>3,080</b>	<b>100.0%</b>

## 7. Seasoning of Sub-Accounts

The following table shows the number of years since the date of origination of each Sub-Account in the Provisional Mortgage Portfolio as at the Provisional Mortgage Portfolio Cut-off Date.

Seasoning of Sub Accounts	Outstanding Principal Balances	% of total	Number of Sub Accounts	% of total
<i>Age of sub accounts in years</i>				
From 0 but below 1 years .....	232,291,961	48.5%	1263	41.0%
From 1 but below 2 years .....	90,373,479	18.9%	545	17.7%
From 2 but below 3 years .....	25,925,223	5.4%	156	5.1%
From 3 but below 4 years .....	3,444,561	0.7%	27	0.9%
From 4 but below 5 years .....	7,215,450	1.5%	68	2.2%
From 5 but below 6 years .....	75,364,274	15.7%	596	19.4%
From 6 but below 7 years .....	29,436,532	6.1%	276	9.0%
From 7 but below 8 years .....	13,618,053	2.8%	126	4.1%
From 8 but below 9 years .....	1,429,002	0.3%	18	0.6%
From 9 but below 10 years .....	71,439	0.0%	5	0.2%
<b>Total.....</b>	<b>479,169,973</b>	<b>100.0%</b>	<b>3,080</b>	<b>100.0%</b>
Minimum .....	0.08 years			
Maximum .....	9.00 years			
Weighted Average .....	2.22 years			



## 8. Years to maturity of sub-account

The following table shows the years to maturity by each Sub-Account in the Provisional Mortgage Portfolio as at the Provisional Mortgage Portfolio Cut-off Date.

<b>Years to Loan Maturity of Sub Accounts</b> <i>Years maturity of sub accounts</i>	<b>Outstanding Principal Balances</b>	<b>%of total</b>	<b>Number of Sub Accounts</b>	<b>% of total</b>
From 0 but below 1 years .....	-	0.0%	0	0.0%
From 1 but below 2 years .....	10,679	0.0%	2	0.1%
From 2 but below 3 years .....	214,522	0.0%	13	0.4%
From 3 but below 4 years .....	365,115	0.1%	13	0.4%
From 4 but below 5 years .....	458,272	0.1%	13	0.4%
From 5 but below 6 years .....	1,297,330	0.3%	23	0.7%
From 6 but below 7 years .....	1,340,890	0.3%	28	0.9%
From 7 but below 8 years .....	2,055,177	0.4%	32	1.0%
From 8 but below 9 years .....	2,729,541	0.6%	41	1.3%
From 9 but below 10 years .....	5,633,280	1.2%	76	2.5%
From 10 but below 15 years.....	33,157,757	6.9%	311	10.1%
From 15 but below 20 years.....	66,336,825	13.8%	508	16.5%
Over 20 years.....	365,570,585	76.3%	2,020	65.6%
<b>Total.....</b>	<b>479,169,973</b>	<b>100.0%</b>	<b>3,080</b>	<b>100.0%</b>
Minimum .....	1.08 years			
Maximum .....	34.83 years			
Weighted Average .....	25.55 years			

## 9. Purpose of Mortgage Loan

The following table shows whether the original purpose of each Mortgage Loan was to finance the purchase of a new Property, to remortgage a Property already owned by the Borrower, for other purposes or to remortgage a Property already owned by the Borrower with different terms.

<b>Use of proceeds</b>	<b>Outstanding Principal Balances</b>	<b>%of total</b>	<b>Number of Sub Accounts</b>	<b>% of total</b>
Purchase .....	358,797,284	74.9%	2152	69.9%
Remortgage.....	110,460,853	23.1%	757	24.6%
Other .....	7,060,621	1.5%	141	4.6%
Re-Mortgage with different terms.....	2,851,215	0.6%	30	1.0%
<b>Total.....</b>	<b>479,169,973</b>	<b>100.0%</b>	<b>3080</b>	<b>100.0%</b>

## 10. Property type

The following table shows the types of property for each Mortgage Loan in the Mortgage Portfolio.

<b>Property Type</b> <i>Property Type</i>	<b>Outstanding Principal Balances</b>	<b>%of total</b>	<b>Number of Sub Accounts</b>	<b>% of total</b>
Semi / Detached .....	255,660,103	53.4%	1561	50.7%
Flat / Apartment .....	73,081,604	15.3%	470	15.3%
Bungalow.....	14,543,820	3.0%	98	3.2%
Terraced House.....	135,884,446	28.4%	951	30.9%
<b>Total.....</b>	<b>479,169,973</b>	<b>100.0%</b>	<b>3080</b>	<b>100.0%</b>

### 11. Repayment method

The following table shows the repayment methods for each Sub-Account in the Provisional Mortgage Portfolio as at the Provisional Mortgage Portfolio Cut-off Date.

<b>Repayment Method of sub accounts</b> <i>Repayment Method</i>	<b>Outstanding Principal Balances</b>	<b>%of total</b>	<b>Number of Sub Accounts</b>	<b>% of total</b>
Repayment.....	479,169,973	100.0%	3080	100.0%
<b>Total.....</b>	<b>479,169,973</b>	<b>100.0%</b>	<b>3080</b>	<b>100.0%</b>

### 12. Distribution of product types

The following table shows the distribution of product types of each Sub-Account in the Provisional Mortgage Portfolio as at the Provisional Mortgage Portfolio Cut-off Date.

<b>Product type</b>	<b>Outstanding Principal Balances</b>	<b>%of total</b>	<b>Number of Sub Accounts</b>	<b>% of total</b>
Fixed Rate.....	469,270,387	97.9%	2974	96.6%
SVR.....	9,899,586	2.1%	106	3.4%
<b>Total.....</b>	<b>479,169,973</b>	<b>100.0%</b>	<b>3080</b>	<b>100.0%</b>

### 13. Distribution of current interest rates

The following table shows the current interest rates of all Sub-Accounts (including Variable Rate Loans and Fixed Rate Loans) in the Provisional Mortgage Portfolio by their rate of interest as at the Provisional Mortgage Portfolio Cut-Off Date.

<b>Distribution of Current Interest Rates by Sub Account</b>				<b>Outstanding Principal Balances</b>	<b>% of total</b>	<b>Number of Sub Accounts</b>	<b>% of total</b>
<i>Current interest rate</i>							
	less than	1.0%	-	0.0%	0	0.0%	
1.0%	to less than	2.0%	60,500,593	12.6%	419	13.6%	
2.0%	to less than	3.0%	120,053,418	25.1%	853	27.7%	
3.0%	to less than	4.0%	96,443,427	20.1%	606	19.7%	
4.0%	to less than	5.0%	106,773,337	22.3%	548	17.8%	
	equal to or greater than	5.0%	95,399,197	19.9%	654	21.2%	
<b>Total.....</b>			<b>479,169,973</b>	<b>100.0%</b>	<b>3080</b>	<b>100.0%</b>	
Minimum .....				1.49%			
Maximum .....				7.59%			
Weighted Average .....				3.72%			

#### 14. Distribution of current interest rates for Fixed Rate Loans

The following table shows the current interest rates of all Sub-Accounts for Fixed Rate Loans in the Provisional Mortgage Portfolio by their rate of interest as at the Provisional Mortgage Portfolio Cut-Off Date.

Distribution of Current Interest Rates for Fixed Rate Loans by Sub Account			Outstanding Principal Balances	% of total	Number of Sub Accounts	% of total
<i>Current interest rate</i>						
	less than	1.0%	-	0.0%	0	0.0%
1.0%	to less than	2.0%	60,500,593	12.9%	419	14.1%
2.0%	to less than	3.0%	120,053,418	25.6%	853	28.7%
3.0%	to less than	4.0%	96,443,427	20.6%	606	20.4%
4.0%	to less than	5.0%	106,773,337	22.8%	548	18.4%
	equal to or greater than	5.0%	85,499,611	18.2%	548	18.4%
<b>Total</b>			<b>469,270,387</b>	<b>100.0%</b>	<b>2974</b>	<b>100.0%</b>
Minimum			1.49%			
Maximum			6.39%			
Weighted Average			3.64%			

#### 15. Distribution of current interest rates for Variable Rate Loans

The following table shows the current interest rates of all Sub-Accounts for Variable Rate Loans in the Provisional Mortgage Portfolio by their rate of interest as at the Provisional Mortgage Portfolio Cut-Off Date.

Distribution of Current Interest Rates for Variable Rate Loans by Sub Account			Outstanding Principal Balances	% of total	Number of Sub Accounts	% of total
<i>Current interest rate</i>						
	less than	1.0%	-	0.0%	0	0.0%
1.0%	to less than	2.0%	-	0.0%	0	0.0%
2.0%	to less than	3.0%	-	0.0%	0	0.0%
3.0%	to less than	4.0%	-	0.0%	0	0.0%
4.0%	to less than	5.0%	-	0.0%	0	0.0%
	equal to or greater than	5.0%	9,899,586	100.0%	106	100.0%
<b>Total</b>			<b>9,899,586</b>	<b>100.0%</b>	<b>106</b>	<b>100.0%</b>
Minimum			7.59%			
Maximum			7.59%			
Weighted Average			7.59%			

#### 16. Fixed interest rate expiry

The following table shows the fixed interest rate product end-dates by each Sub-Account in the Provisional Mortgage Portfolio as at the Provisional Mortgage Portfolio Cut-Off Date.

Year in which fixed rate period expires	Outstanding Principal Balances	% of total	Number of Sub Accounts	% of total
2023	391,910	0.1%	7	0.2%
2024	93,072,127	19.8%	663	22.3%
2025	130,085,819	27.7%	764	25.7%
2026	86,499,441	18.4%	496	16.7%
2027	94,699,543	20.2%	644	21.7%
2028	63,593,311	13.6%	392	13.2%
2029	188,677	0.0%	2	0.1%
2030	739,559	0.2%	6	0.2%

Year in which fixed rate period expires	<b>Outstanding Principal Balances</b>	<b>% of total</b>	<b>Number of Sub Accounts</b>	<b>% of total</b>
<b>Total</b>	<b>469,270,387</b>	<b>100.0%</b>	<b>2974</b>	<b>100.0%</b>

## 17. Arrears

The following table shows the level of arrears in respect of the Mortgage Loans in the Provisional Mortgage Portfolio as at the Provisional Mortgage Portfolio Cut-Off Date.

Months in arrears			<b>Outstanding Principal Balances</b>	<b>% of total</b>	<b>Number of Sub Accounts</b>	<b>% of total</b>
	Not in arrears		479,169,973	100.0%	3080	100.0%
0	to less than	1	-	0.0%	0	0.0%
1	to less than	2	-	0.0%	0	0.0%
2	to less than	3	-	0.0%	0	0.0%
3	to less than	4	-	0.0%	0	0.0%
4	to less than	5	-	0.0%	0	0.0%
5	to less than	6	-	0.0%	0	0.0%
6	to less than	7	-	0.0%	0	0.0%
7	to less than	8	-	0.0%	0	0.0%
8	to less than	9	-	0.0%	0	0.0%
	greater than one equal to	9	-	0.0%	0	0.0%
<b>Totals</b>			<b>479,169,973</b>	<b>100.0%</b>	<b>3,080</b>	<b>100.0%</b>
Total Mortgage Loans in Arrears			-	0.0%	0	0.0%
Total Mortgage Loans > 3 mths in Arrears			-	0.0%	0	0.0%

Prior to the issuance of any notes, the Seller has caused a sample of the loans included in the portfolio to be subject to external verification by an appropriate and independent third party (such as a review of a representative sample of loans based on agreed upon procedures and/or a verification of the stratification tables set out in this section of this Prospectus) for the purposes of Article 22(2) of the UK Securitisation Regulation.

Accordingly, the Seller has caused a sample of the Mortgage Loans (including the data disclosed in respect of those Mortgage Loans) to be externally verified by an appropriate and independent third party. The Provisional Mortgage Portfolio has been subject to an agreed upon procedures review on a representative sample of loans selected from the Provisional Mortgage Portfolio as at 31 July 2023 conducted by a third-party and completed on or about 20 October 2023 (the AUP report). The independent third party has also verified that the stratification tables disclosed under this section "Statistical Information on the Provisional Mortgage Portfolio" of this Prospectus in respect of the Mortgage Loans are accurate. This verification also included the review of certain key warranties given by the Seller in respect of the Mortgage Loans.

The third party undertaking the review has reported the factual findings to the parties to the engagement letter. The third party undertaking the review only accepts a duty of care to the parties to the engagement letters governing the performance of the agreed upon procedures and to the fullest extent permitted by law shall have no responsibility to anyone else in respect of the work it has performed or the reports it has produced save where terms are expressly agreed. The Seller has reviewed the reports of such independent third parties and is of the opinion that there were no significant adverse findings in such reports.

## **HISTORICAL REPAYMENT RATES OF BOIUK PRIME MORTGAGE LOANS**

Static and dynamic historical default and loss performance of mortgage loans originated by the Originator can be found at the website of the European DataWarehouse at <https://editor.eurowd.co.uk/deals/view?edcode=RMBSUK102077500320234>.

## SERVICING AND CASH MANAGEMENT

### Introduction

Under the Servicing Agreement, BOIUK (in such capacity, the "**Servicer**"), will be appointed by the Issuer and the Seller to manage the Mortgage Loans and to provide certain administrative services described under "*Calculations and Determinations*" and "*Servicer Reporting Requirements*" below (the "**Servicing Services**"). Under the terms of the Servicing Agreement, the Servicer may at its own cost sub-contract or delegate its powers and obligations under the Servicing Agreement. Any such sub-contracting or delegation will not abrogate or relieve the Servicer of any of its obligations under the Servicing Agreement. In certain circumstances, the Servicer will be obliged to delegate its powers and obligations to manage the Mortgage Loans (see "*Delegation by Servicer*" below).

The duties of the Servicer include, without limitation:

- (a) collecting payments on the Mortgage Loans and discharging mortgages and other Related Security upon redemption;
- (b) procuring the transfer of Principal Receipts and Revenue Receipts from the Collection Accounts to the Transaction Account (in the case of payments made by direct debit) on the Business Day following the date of receipt of collection into the relevant Collection Account or (in all other cases) within two Business Days following the date of receipt of the collection into the relevant Collection Account (or, in the case of Principal Receipts and Revenue Receipts received from but excluding the Initial Mortgage Portfolio Cut-Off Date to and excluding the Closing Date, within three Business Days of the Closing Date);
- (c) monitoring and, where appropriate, pursuing arrears and enforcing the Related Security; and
- (d) taking all reasonable steps in accordance with the practices of a Prudent Mortgage Lender to ensure safe custody of all title deeds and documents in respect of the Mortgage Loans and their Related Security which are in its possession or held to its order.

The Servicer will agree in the Servicing Agreement to service the Mortgage Loans with the level of skill, care and diligence as it would in managing those mortgage loans advanced by it and which do not form part of the Mortgage Portfolio. The Servicer shall at all times administer the Mortgage Loans and the Related Security in accordance with the Mortgage Policies and Procedures, which 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.

### Mortgage Rates

Prior to the occurrence of a Servicer Termination Event or an Event of Default, the Servicer will set the rate of interest in respect of the Mortgage Loans (the "**Mortgage Rates**") on behalf of the Issuer and in accordance with the terms and conditions of the Mortgage Loans.

### Payments from Borrowers

Monthly payments of interest and principal in respect of the Mortgage Loans are payable in advance and are credited directly into the Collection Account.

### Arrears and Default Procedures

The Servicer will endeavour to collect all payments due under or in connection with the Mortgage Loans in accordance with the arrears procedures employed by the Servicer (and subject to industry guidelines and FCA requirements) from time to time. The procedures may include making arrangements whereby a Borrower's payments may be varied and/or taking legal action for possession of the relevant property and the subsequent sale of that property. The Court may exercise discretion as to whether, on application by the lender, it orders the Borrower to vacate the property after a default and as to how long the Borrower is given to vacate the property. A lender will usually apply for such an order so that it can sell the property with vacant possession.

A Mortgage Loan is deemed by the Seller to be "**in arrears**" as of any date of determination when the amount overdue on the Mortgage Loan is greater than £40.

A "**Monthly Payment**" means the monthly payment of interest and (in the case of a Capital and Interest Loan) principal to be paid by a Borrower in respect of a Mortgage Loan.

A "**Monthly Payment Date**" means, in respect of any month and any Borrower, the date upon which that Borrower is to make its Monthly Payment under the relevant Mortgage Loan.

The "**Number of Months in Arrears**" means, as at the date of determination in respect of a Mortgage Loan, the result of the calculation  $(A-B) / C$ , where:

- A = the sum of all Monthly Payments in respect of advances under that mortgage that were due and payable by the relevant Borrower on any due date up to that date of determination;
- B = the sum of all payments actually made by that Borrower in respect of that mortgage up to that date of determination (the difference between A and B being the "**arrears balance**"); and
- C = the then Monthly Payment in respect of all advances under that Mortgage Loan.

If the Borrower fails to pay the full Monthly Payment in respect of a Mortgage Loan advance on the relevant Monthly Payment Date and the account is greater than £40 in arrears, the Servicer will typically notify a Borrower by letter within three days after the relevant missed Monthly Payment Date for accounts paying by direct debit. The Servicer will typically attempt telephone contact at 15 days past due and send mortgage statements to the Borrower at both fourteen and twenty-one days past due. If the Borrower fails, on the second consecutive Monthly Payment Date in respect of that mortgage advance, to pay the full Monthly Payment then due, the Servicer will typically dispatch a third party to meet with the Borrower and offer field counselling, which also allows the Servicer to evaluate any potential issues. Telephone contact will continue to be attempted by the Servicer throughout this period.

If, at this stage, the Servicer has been unable to contact the Borrower or resolve the arrears position, a member of the Servicer's specialist mortgage collections team will typically send the Borrower a letter stating its intention to commence litigation proceedings. On loans regulated under the CCA, a formal default letter will be sent to the Borrower demanding immediate repayment of all amounts due under the relevant Mortgage Loan. If a satisfactory response is not received from the Borrower, the Servicer will generally refer the Mortgage Loan to its litigation team to commence formal legal proceedings for possession of the relevant property.

The courts will have discretion as it deems appropriate in accordance with applicable laws (such as section 36 of the Administration of Justice Act 1970, amongst others) and rules as to whether to grant an order requiring a Borrower to grant vacant possession of the relevant property, or to suspend such possession order on such terms and/or conditions as agreed or directed. If a Borrower does not voluntarily vacate the relevant property after a possession order has been granted, a warrant for execution served by a court officer in accordance with the terms of the possession order will be required before the Servicer will be able to obtain vacant possession of that property.

After the Servicer has obtained possession of a property, it may take any action it considers appropriate, including:

- (i) securing, maintaining or protecting the property and putting it into a suitable condition for sale;
- (ii) creating any estate or interest in the property, including a leasehold;
- (iii) disposing of the property (in whole or in part) or of any interest in the property, by auction, private sale or otherwise, for the best available price in the then current market conditions;
- (iv) letting the property for any period of time; and
- (v) carrying out such works on the property as it considers appropriate (which may include the demolition of the whole or any part of it),

in each case, subject to any fiduciary duties which the Servicer may owe to the Borrower.

Prospective investors should note that the Servicer's ability to exercise its power of sale in respect of a property is dependent upon mandatory legal restrictions as to notice requirements. In addition, there may be factors outside the Servicer's control, such as whether the Borrower contests the sale and the market conditions at the

time of sale, that may affect the length of time between the Servicer's decision to exercise its power of sale and final completion of the sale.

In respect of the enforcement of a Mortgage Loan, the Servicer will first apply the proceeds of sale of the relevant property to pay the costs of enforcement. The remaining proceeds (net of enforcement costs) will be paid to the Issuer, first to pay all amounts outstanding in respect of interest and fees, and secondly, in respect of all principal amounts then outstanding, in each case under the relevant mortgage.

If the net proceeds of enforcement in respect of a property are insufficient to pay (or repay) all amounts of interest, principal and fees due in respect of the relevant mortgage, the Servicer will be permitted, in its discretion, to pursue the relevant Borrower on an unsecured basis for the deficiency.

Under the Servicing Agreement the Servicer has agreed not to amend its mortgage collection policies and procedures in respect of the Mortgage Loans other than in accordance with the practice of a Prudent Mortgage Lender or, following service of an Enforcement Notice, with the consent of the Trustee. Subject to this caveat, the Servicer will retain the discretion to vary the timing of any of the collections activities described above and may, in its discretion, elect to postpone any or all of such actions for an indefinite period. The Servicer may, at any stage of the collections process (both before and at any point following the initiation of formal legal proceedings to obtain a possession order in respect of a property), enter into arrangements with a Borrower in respect of a Mortgage Loan, including:

- (a) arrangements to make each Monthly Payment as it falls due, plus an additional amount to reduce the arrears balance to zero over a period of time;
- (b) arrangements to pay only a portion of each Monthly Payment as it falls due; and
- (c) a deferment for a period of time of all payments, including interest and principal or parts of any of them.

The Servicer may vary any of these arrangements from time to time at its discretion, the primary aim being to restore the paying status of the Borrower and recover the arrears.

The net proceeds of sale of the property (after payment of costs and expenses of the sale) together with any sums paid by a guarantor of the relevant Borrower will be applied against the sums owing from the Borrower to the extent necessary to discharge the Mortgage Loan. Where appropriate, claims may be made pursuant to the Borrower's personal covenant contained in the terms of the Mortgage Loan. Where such funds are insufficient to redeem such Mortgage Loan in full, a claim would be made where appropriate against professional advisers (including against solicitors for breach of their undertakings) who advised in connection with the advance of the relevant Mortgage Loan. Where the funds arising from the application of the above procedure is insufficient to pay all amounts owing in respect of a Mortgage Loan, such funds will be applied first in paying principal owing and secondly in paying interest and costs in respect of such Mortgage Loan. If, after a claim has been paid, an amount is still outstanding (the "**Outstanding Amount**") in respect of the Mortgage Loan, a provision will be made for the Outstanding Amount (to the extent that it represents principal owing in respect of a Mortgage Loan) in the Principal Deficiency Ledger, forming part of the Issuer's accounts, although circumstances may arise in which this provision may subsequently be reduced by the application of Available Revenue as described in "*Summary of Credit Structure and Cashflow*" and "*Cashflows and Cash Management*" above.

## **Redemption**

Under the Servicing Agreement, the Servicer will be responsible for handling the procedures connected with the redemption of Mortgage Loans.

## **Calculations and Determinations**

The Cash Manager will be responsible under the Cash Management Agreement, on each Calculation Date, for calculating the Available Revenue and the Available Principal, the allocation and payment of monies in accordance with the Pre-Enforcement Revenue Payments Priorities and the Pre-Enforcement Principal Payments Priorities, the delivery of payment instructions to the Account Bank in respect of the Transaction Account, the maintenance of the Issuer Profit Ledger and the Principal Deficiency Ledger, the notification of certain calculations to the Fixed Rate Swap Provider, and notification to the Principal Paying Agent and the Agent Bank of the matters required to be notified to them by the Issuer under the Conditions and the Transaction Documents and all other calculations and determinations as set out in the Transaction Documents. The Cash Manager shall rely on information provided to it by the Servicer for calculating Available Principal and Available Revenue,



however, in the event that the Servicer has not identified Principal Receipts and/or Revenue Receipts and informed the Cash Manager of such circumstance, the Cash Manager shall be required (without liability) to estimate the amounts of Principal Receipts and Revenue Receipts, as applicable.

### **Servicer Reporting Requirements**

The Servicer will:

- (a) prepare a quarterly report for the benefit of the Cash Manager which will contain all calculations and determinations made in respect of the immediately preceding Calculation Period; and
- (b) provide certain loan-by-loan information in relation to the Mortgage Portfolio in respect of the relevant Calculation Period to the extent 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 in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time) (as if it were applicable to the Seller).

The Servicer may also prepare a monthly report for the benefit of the Cash Manager which will contain information as to levels of arrears and repossessions in respect of the Mortgage Loans and cash movements from the Collection Account during the preceding calendar month.

### **Remuneration of the Servicer**

The Issuer will on each Interest Payment Date pay to the Servicer for its services under the Servicing Agreement a quarterly servicing fee (inclusive of value added tax, if any) in an amount equal to 0.13 per cent. per annum of the aggregate principal balance of the Mortgage Loans as of the open of business on the first day of the immediately preceding Calculation Period immediately preceding the relevant Interest Payment Date, divided by four.

### **Termination of Appointment of Servicer**

The appointment of BOIUK as Servicer may be terminated by notice from the Issuer (with written consent of the Trustee) following any of the events (each a "**Servicer Termination Event**" and together the "**Servicer Termination Events**") set out below:

- (a) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement or any other Transaction Document to which it is a party in its capacity as Servicer and such default continues unremedied for a period of 5 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following service of an Enforcement Notice) the Trustee requiring the same to be remedied;
- (b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations in its capacity as Servicer under the Servicing Agreement or any other Transaction Document to which it is a party, which in the opinion of the Issuer (prior to the delivery of an Enforcement Notice) or the opinion of the Trustee (after the delivery of an Enforcement Notice) is materially prejudicial to the interests of the holders of the Most Senior Class (which determinations shall be conclusive and binding on all other Secured Creditors) and such default continues unremedied for a period of 30 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following delivery of an Enforcement Notice) the Trustee, as appropriate, requiring the same to be remedied;
- (c) the revocation of any applicable licence, registration or regulatory permission held by the Servicer required for the Servicer to perform any of its obligations under the Servicing Agreement; or
- (d) the occurrence of an Insolvency Event in respect of the Servicer.

### **Back-Up Servicer Facilitator**

The Issuer has appointed the Back-Up Servicer Facilitator pursuant to the Servicing Agreement. Following the occurrence of a Servicer Termination Event, the Back-Up Servicer Facilitator will use its best efforts to assist the Issuer in identifying a suitable Substitute Servicer.

## **Servicer Indemnity**

The Servicer has agreed in the Servicing Agreement to indemnify and hold the Issuer and the Trustee harmless from any cost, loss, liability, claim or damage which the Issuer and/or the Trustee may suffer or incur directly or indirectly as a result of the negligence, bad faith, fraud or wilful default of the Servicer in carrying out its functions as Servicer under the Servicing Agreement or any other Transaction Document to which the Servicer is a party (in its capacity as such) save for any such costs, losses, liabilities, claims or damages arising as a result of the Breach of Duty of the indemnified person.

## **Cash Manager**

The Issuer has appointed the Cash Manager pursuant to the Cash Management Agreement. Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer. The Cash Manager's principal functions will be effecting payments to and from the Transaction Account, making calculations and preparing the Monthly Investor Reports and the Quarterly Investor Reports on behalf of the Issuer.

The Cash Manager may, with the prior written consent of the Issuer or (following delivery of an Enforcement Notice) the Trustee, appoint any person as its sub-contractor to carry out all or part of the cash management services (provided that such consent will not be required where the person appointed is an Affiliate of BOIUK) subject to certain conditions, including that the Cash Manager shall not be released or discharged from any liability whatsoever under the Cash Management Agreement.

Following the occurrence of certain events (see the section entitled "*Triggers Tables – Non Rating Triggers Table*" for further information), the appointment of the Cash Manager will be terminated and the Issuer will appoint a successor Cash Manager in accordance with the terms of the Cash Management Agreement.

## **Agent Bank and termination of appointment of Agent Bank**

Under the Agency Agreement, Elavon Financial Services DAC, U.K. Branch will be appointed to act as Agent Bank to undertake the following duties on behalf of the Issuer: (i) on each Interest Determination Date determine and notify the Principal Paying Agent of the Note Rate applicable to the relevant Interest Period and the Interest Amount, if any, payable in respect of each Note so that the Principal Paying Agent can publish the Note Rate and Interest Amount for each Class of Notes for the relevant Interest Period; and (ii) notify the Principal Paying Agent of each determination of any Note Principal Payment, Principal Amount Outstanding and Pool Factor notified to it by the Cash Manager so that the Principal Paying Agent can notify the Noteholders accordingly.

Pursuant to the Agency Agreement the appointment of Elavon Financial Services DAC, U.K. Branch as Agent Bank may be revoked by the Issuer (with the prior written approval of the Trustee) by not less than 30 days' notice to the Agent Bank or may be terminated by the resignation of the Agent Bank upon 30 days' notice to the Issuer (with a copy to the Trustee), subject in each case to certain other limitations, including that a successor agent bank has been duly appointed. The appointment of the Agent Bank will also be automatically terminated in the case of the occurrence of certain insolvency or credit events in respect of the Agent Bank.

The Issuer may (with the prior written approval of the Trustee) appoint a successor agent bank and give notice of such appointment, provided that if the Agent Bank gives notice of its resignation and no successor has been appointed by the tenth day prior to the expiration of the notice period, the Agent Bank may, with the prior written approval of the Trustee, itself appoint a successor.

## THE ACCOUNT BANK

Elavon Financial Services DAC, U.K. Branch will be the Account Bank.

U.S. Bank Global Corporate Trust Services, which is a trading name of Elavon Financial Services DAC (a U.S. Bancorp group company), is an integral part of the worldwide Corporate Trust business of U.S. Bank. U.S. Bank Global Corporate Trust Services in Europe conducts business primarily through the U.K. Branch of Elavon Financial Services DAC from its offices in London at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

Elavon Financial Services DAC is a bank incorporated in Ireland and a wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services DAC is authorised and regulated by the Central Bank of Ireland and authorised by the Prudential Regulation Authority. Elavon Financial Services DAC is also subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.

U.S. Bank Global Corporate Trust Services in combination with U.S. Bank National Association, the legal entity through which the Corporate Trust Division conducts business in the United States, is one of the world's largest providers of trustee services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and document custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB), is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States headquartered in Minneapolis. The Company supports its customers through a diversified mix of businesses: retail, business, wealth management, payment, commercial and corporate, and investment services, with a team of approximately 77,000 employees serving millions of customers at more than 2,000 bank branches in 26 states, as well as in corporate locations across the country and around the world. The Company's business lines generate \$23 billion in annual revenue, and its strategic position within its industry allowed it to reach \$681 billion in assets. Visit U.S. Bancorp on the web at [www.usbank.com](http://www.usbank.com).

The short-term unsecured and unguaranteed debt obligations of Elavon Financial Services DAC, UK Branch are currently rated A-1 by S&P, P-1 by Moody's and F1 by Fitch. The long-term senior unsecured and unguaranteed debt obligations of Elavon Financial Services DAC, UK Branch are currently rated A+ by S&P and A1 by Moody's and the long-term issuer default rating of Elavon Financial Services DAC, UK Branch is currently rated A+ by Fitch.

### **THE FIXED RATE SWAP PROVIDER**

The Fixed Rate Swap Provider under the Fixed Rate Swap Agreement (in such capacity, the "**Fixed Rate Swap Counterparty**") will be BOIUK. Please see "*BANK OF IRELAND (UK) PLC*" for further information.

## **THE TRUSTEE**

U.S. Bank Trustees Limited is a limited liability company incorporated under the laws of England and Wales with its office at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

U.S. Bank Trustees Limited, as part of the U.S. Bancorp group and in combination with Elavon Financial Services DAC (the legal entity through which European agency and banking appointments are conducted) and U.S. Bank National Association, (the legal entity through which the Corporate Trust Division conducts business in the United States), is one of the world's largest providers of trustee services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and document custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB), with USD462 billion in assets as of December 31, 2017, is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. The Company operates 3,067 banking offices in 25 states and 4,771 ATMs, and provides a comprehensive line of banking, investment, mortgage, trust and payment services products to consumers, businesses and institutions. Visit U.S. Bancorp on the web at [www.usbank.com](http://www.usbank.com).

## KEY STRUCTURAL FEATURES

### SUMMARY OF CREDIT ENHANCEMENT AND LIQUIDITY SUPPORT

The Notes are obligations of the Issuer only and will not be the obligations of, or the responsibility of, or guaranteed by, any other party. There are a number of features of the transaction which enhance the likelihood of timely receipt of payments by the Class A Noteholders, as follows:

- Available Revenue is expected to exceed the interest due and payable on the Notes and all other items ranking in priority to such amounts in the Payments Priorities;
- A Revenue Shortfall on any Interest Payment Date may be funded by amounts standing to the credit of the General Reserve Fund;
- A Remaining Revenue Shortfall on any Interest Payment Date may be funded by Available Principal;
- Payments of interest on the Class Z Notes are subordinated to payments of interest on the Class A Notes and, on and following the Step-Up Date, payments of interest and principal on the Class A Notes. In addition, payments of interest on the Class Z Notes may be deferred where the Issuer has insufficient funds to pay such amounts (unless the Class Z Notes are the Most Senior Class);
- Payments of principal on the Class Z Notes are subordinated to payments of principal on the Class A Notes;
- The Principal Losses will be allocated in the Principal Deficiency Ledger, first to the Class Z Notes and second to the Class A Notes;
- Amounts invested in the Transaction Account earn interest at a rate determined from time to time under the Account Bank Agreement (although such rate may be negative) and amounts credited to the Transaction Account may be invested in Authorised Investments;
- A Subordinated Loan is provided by the Subordinated Loan Provider to: (i) fund the General Reserve Fund on the Closing Date up to the General Reserve Fund Required Amount; and (ii) meet the Issuer's costs in connection with the issuance of the Notes. The repayment of the Subordinated Loan is subordinated to payments of interest and principal on the Class A Notes; and
- The Issuer will enter into the Fixed Rate Swap Agreement to hedge in part (but not in whole) against the variance between the fixed interest rates due and payable by Borrowers in respect of the Fixed Rate Loans and the SONIA based interest payments in respect of the Notes. The Issuer will not enter into any swaps to hedge against the variance between the interest rates due on the Mortgage Loans other than the Fixed Rate Loans and the SONIA based interest payments in respect of the Notes.

Each of these factors is considered in more detail below.

### CREDIT ENHANCEMENT AND LIQUIDITY SUPPORT

#### *Credit Support for the Notes provided by Available Revenue*

It is anticipated that, during the life of the Notes, the interest payable by Borrowers on the Mortgage Loans, after taking into account the hedging arrangements under the Fixed Rate Swap Agreement, will be sufficient so that the Available Revenue will cover at least the amounts payable under items (a) to (l) inclusive of the Pre-Enforcement Revenue Payments Priorities. The amount (if any) available following payment of amounts of items (a) to (l) (inclusive) of the Pre-Enforcement Revenue Payments Priorities to pay Swap Subordinated Amounts, interest and principal on the Subordinated Loan and to be applied as Deferred Consideration is anticipated to vary during the life of the Notes. One of the key factors determining such variation is the performance of the Mortgage Loans.

The amount available following payment of amounts of items (a) to (m) (inclusive) of the Pre-Enforcement Revenue Priority of Payments will, following a Servicer Report Failure Event, be retained by the Issuer and following subsequent receipt of the relevant Servicer Reports, will be applied (after the payment of and/or provision for Reconciliation Amounts) to fund payments of prior ranking items in the Pre-Enforcement Payments Priorities (see "*Key Structural Features – Credit Enhancement and Liquidity Support – Certain Available*

*Revenue to be credited to the Servicer Failure Reserve Fund following a Servicer Report Failure Event" below for further information).*

Available Revenue may be applied (after making payments or provisions ranking higher in the Pre-Enforcement Revenue Payments Priorities) on each Interest Payment Date towards reducing any debit balance to the Principal Deficiency Ledger which may arise from: (i) Principal Losses; and (ii) using Available Principal to make up any Remaining Revenue Shortfall.

In addition, Available Revenue may be applied (after making payments or provisions ranking higher in the Pre-Enforcement Revenue Payments Priorities) on each Interest Payment Date on and following the Step-Up Date up to the Revenue Surplus Required Amount in increasing the amount of Available Principal available on such Interest Payment Date (see "*Certain Available Revenue to be used as Available Principal*" below).

***Liquidity support provided to the Class A Notes by use of General Reserve Fund to fund Revenue Shortfall and Available Principal to fund Remaining Revenue Shortfall***

On each Calculation Date, if following application of Available Revenue (excluding for these purposes amounts in respect of items (i) and (j) of that definition) the Cash Manager determines that there would be a Revenue Shortfall, the Cash Manager on behalf of the Issuer will, on the relevant Interest Payment Date, pay or provide for such Revenue Shortfall by applying amounts standing to the credit of the General Reserve Fund.

On each Calculation Date, if following application of Available Revenue (including for these purposes amounts in respect of item (i) of that definition but excluding amounts in respect of item (j) of that definition) the Cash Manager determines that there would be a Remaining Revenue Shortfall, the Cash Manager on behalf of the Issuer will, on the relevant Interest Payment Date, pay or provide for such Remaining Revenue Shortfall by applying Available Principal.

For more information about the application of the General Reserve Fund to fund Revenue Shortfalls and the application of Available Principal to fund Remaining Revenue Shortfalls, see the section entitled "*Cashflows and Cash Management*".

***Subordination of the Class Z Notes***

Prior to the delivery of an Enforcement Notice, payments of interest and principal on the Class Z Notes will be subordinated to payments of interest and principal on the Class A Notes respectively in accordance with the Pre-Enforcement Payments Priorities.

Following the delivery of an Enforcement Notice, payments of interest and principal on the Class Z Notes will be subordinated to payments of interest and principal on the Class A Notes in accordance with the Post-Enforcement Payments Priorities.

***Deferral of interest payments on the Class Z Notes***

On each Interest Payment Date interest will be due and payable on each class of Notes.

If the Issuer has insufficient funds to pay any Interest Amounts on the Class Z Notes, the relevant Interest Amounts on the Class Z Notes (for as long as the Class Z Notes are not the Most Senior Class) will be deferred until the earlier of: (i) the Interest Payment Date on which the Issuer has sufficient funds to pay such Interest Amounts (plus any Additional Interest thereon); and (ii) the Final Maturity Date.

Until such date, the deferral of an Interest Amount in respect of the Class Z Notes will not constitute an Event of Default. The Interest Amount scheduled to be paid on each Interest Payment Date for the Class Z Notes will be increased to take account of any such deferral and the accrual of Additional Interest. However, if there is insufficient money available to the Issuer to pay interest and Additional Interest (if any) on the Class Z Notes on the Final Maturity Date, then the relevant Noteholders may not receive all amounts due in respect of interest in accordance with the Conditions.

Payments of Interest Amounts on the Class A Notes cannot be deferred and, if Interest Amounts on the Class A Notes remain unpaid 15 calendar days following the relevant Interest Payment Date, this will constitute an Event of Default.

It is not intended that any surplus will be accumulated in the Issuer, other than the Issuer Profit Amount, amounts standing to the credit of the Swap Collateral Account (if applicable), amounts standing to the credit of the General Reserve Fund and, while a Servicer Report Failure Event is continuing, amounts standing to the credit of the Servicer Failure Reserve Fund.

***Principal Losses are allocated to the Class Z Principal Deficiency Sub-Ledger in the first instance***

On each Calculation Date, the Cash Manager will determine the amount of Principal Losses.

A Principal Deficiency Ledger, comprising two sub-ledgers (one relating to each class of Notes), will be established on the Closing Date in order to record the Principal Losses and/or the application of Available Principal to fund any Remaining Revenue Shortfall. The use of Available Principal to reduce or eliminate amounts debited to the Revenue Surplus Ledger will not be recorded on the Principal Deficiency Ledger.

Losses or debits recorded on the Class A Principal Deficiency Sub-Ledger will be recorded in respect of the Class A Notes. Losses or debits recorded on the Class Z Principal Deficiency Sub-Ledger will be recorded in respect of the Class Z Notes.

The Principal Losses and the amount of any Available Principal applied to fund a Remaining Revenue Shortfall will be recorded as a debit to the Principal Deficiency Ledger as follows:

- (a) *first*, to the Class Z Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class Z Notes; and
- (b) *second*, to the Class A Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class A Notes.

Amounts allocated to the Principal Deficiency Ledger shall be reduced to the extent of Available Revenue available to effect such a reduction on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Payments Priorities, as follows:

- (a) *first*, to the Class A Principal Deficiency Sub-Ledger to reduce the debit balance to zero; and
- (b) *second*, to the Class Z Principal Deficiency Sub-Ledger to reduce the debit balance to zero.

Available Revenue allocated as described above will be applied in or towards redemption of the relevant Class of Notes as Available Principal on the relevant Interest Payment Date in accordance with the Pre-Enforcement Principal Payments Priorities.

***Certain Available Revenue to be credited to the Servicer Failure Reserve Fund following a Servicer Report Failure Event***

If a Servicer Report Failure Event has occurred and is continuing on a Calculation Date, on the following Interest Payment Date all Available Revenue following payment of items (a) to (m) inclusive of the Pre-Enforcement Revenue Payments Priorities will be credited to the Servicer Failure Reserve Fund. The Servicer Failure Reserve Fund will be credited to the Transaction Account (with a corresponding credit to the Servicer Failure Reserve Ledger).

If the Servicer Report Failure Event is remedied by the delivery of the relevant Servicer Report prior to any subsequent Calculation Date falling prior to the delivery of an Enforcement Notice, on the related Interest Payment Date the Cash Manager will apply amounts standing to the credit of the Servicer Failure Reserve Fund as follows:

- (a) *first*, to pay or provide for any Reconciliation Amounts; and
- (b) *second*, as Available Revenue.

Following delivery of an Enforcement Notice, amounts standing to the credit of the Servicer Failure Reserve Fund will form part of the Post-Enforcement Amounts.

If funds are released from the Servicer Failure Reserve Fund on any Interest Payment Date, the Issuer (or the Cash Manager on its behalf) will make a corresponding debit in the Servicer Failure Reserve Ledger.



### ***Certain Available Revenue to be used as Available Principal***

On and following the Step-Up Date, excess Available Revenue, following payment of the Issuer Profit Amount, will be applied as Available Principal in order to repay the Class A Notes. Available Revenue applied in this manner will be reflected by a debit entry in the Revenue Surplus Ledger. Available Principal, following repayment in full of the Class A Notes, shall be applied as Available Revenue, to the extent there is a debit on the Revenue Surplus Ledger (following such application, the debit balance on the Revenue Surplus Ledger will be reduced by such amount).

## **ACCOUNTS AND CASH MANAGEMENT**

### ***Transaction Account***

All monies received by the Issuer will be deposited in the Transaction Account (except for Swap Excluded Receipts which will be deposited into the Swap Collateral Account). The Transaction Account is maintained with the Account Bank under the terms of the Account Bank Agreement. The Account Bank has agreed with the Issuer in the Account Bank Agreement to pay a variable rate of interest on sums in the Transaction Account (which may be negative). The Issuer (or the Cash Manager on its behalf) may invest sums standing to the credit of the Transaction Account in Authorised Investments.

On the date on which the Account Bank ceases to be assigned an issuer default rating of at least the Required Rating, the Issuer shall use commercially reasonable endeavours to within 60 calendar days:

- (a) replace the Account Bank with a Qualified Institution and open a replacement Transaction Account with such entity;
- (b) obtain a guarantee of the Account Bank's obligations from a Qualified Institution; and/or
- (c) take such other action as may be acceptable to the Rating Agencies at such time.

### ***Subordinated Loan***

The Issuer will enter into the Subordinated Loan Agreement with the Subordinated Loan Provider on or about the Closing Date. Pursuant to this agreement, the Subordinated Loan Provider will agree to make available to the Issuer a subordinated loan on the Closing Date (the "**Subordinated Loan**"). The Subordinated Loan will be a loan subordinated to the Issuer's other payment obligations, which will be used by the Issuer to: (a) fund the General Reserve Fund on the Closing Date in an amount equal to £5,250,000; and (b) meet costs and expenses incurred by the Issuer in respect of the issuance of the Notes on the Closing Date.

The Subordinated Loan will bear interest until repaid at a rate of Compounded Daily SONIA plus 0.5 per cent. per annum which will be payable on each Interest Payment Date. If the Issuer has insufficient funds to pay any interest on the Subordinated Loan, the unpaid interest will be deferred until the next following Interest Payment Date on which sufficient funds are available to pay the unpaid amount and, pending such payment, will itself bear interest at a rate of Compounded Daily SONIA plus 0.5 per cent. per annum.

The Issuer will repay the Subordinated Loan:

- (a) on each Interest Payment Date, to the extent that it has Available Revenue to make such payment in accordance with the relevant Payments Priorities, or on the Final Maturity Date or on such other date on which the Notes are redeemed in full; and
- (b) on the First Interest Payment Date, to the extent that the proceeds of the drawing of the Subordinated Loan on the Closing Date exceed the amount required to fund the General Reserve Fund up to the General Reserve Fund Required Amount and meet the costs and expenses of the Issuer in respect of the issuance of the Notes.

### ***Collection Account Declaration of Trust***

The collections due from Borrowers under the Mortgage Loans are paid into several Collection Accounts in the name of GovCo UK. The Collection Accounts are subject to existing trust arrangements (the "**Existing Trusts**") in respect of which GovCo UK and BOIUK are trustees and beneficiaries.

GovCo UK and BOIUK will each declare a trust (the "**Collection Account Declaration of Trust**") over its interest in the Existing Trusts in favour of the Issuer, itself and all other persons beneficially entitled to mortgage loans or other assets the collections in respect of which are paid into the relevant Collection Accounts, as beneficiaries in the manner and in the proportions specified in the Collection Account Declaration of Trust.

The Issuer's share of the Collection Account Trust at any relevant time shall equal all amounts credited to the relevant Collection Accounts at such time in respect of the Mortgage Loans and their Related Security comprised in the Mortgage Portfolio at such time.

### ***Cash Manager***

The Issuer has appointed the Cash Manager pursuant to the Cash Management Agreement. Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer. The Cash Manager's principal functions will be effecting payments to and from the Transaction Account, making calculations and preparing the Monthly Investor Reports and the Quarterly Investor Reports on behalf of the Issuer.

The Cash Manager may, with the prior written consent of the Issuer and (following delivery of an Enforcement Notice) the Trustee, appoint any person as its sub-contractor to carry out all or part of the cash management services (provided that such consent will not be required where the person appointed is an Affiliate of BOIUK) subject to certain conditions, including that the Cash Manager shall not be released or discharged from any liability whatsoever under the Cash Management Agreement.

## **FIXED RATE SWAP**

### ***Fixed Rate Swap Agreement***

Interest payable by Borrowers under the Mortgage Loans will be determined by reference to certain fixed and variable rates of interest, which will be determined on a different basis from the floating rate of interest payable by the Issuer on the Notes. In order to hedge in part against the variance between the fixed rates of interest payable by Borrowers under the Fixed Rate Loans and the rates of interest payable by the Issuer on the Notes, the Issuer will enter into the Fixed Rate Swap. The Fixed Rate Swap will constitute a transaction pursuant to a 1992 ISDA Master Agreement to be entered into (together with a Schedule, Confirmation and Credit Support Annex thereto) between the Issuer and the Fixed Rate Swap Provider on the Closing Date.

The Issuer will not enter into a swap agreement to hedge against the variance between the rates of interest payable by Borrowers under the Variable Rate Loans and the rates of interest payable by the Issuer on the Notes.

Under the Fixed Rate Swap Agreement, on each Interest Payment Date:

- (a) the Issuer will pay to the Fixed Rate Swap Provider an amount equal to the product of the Adjusted Fixed Rate Loan Balance in respect of the applicable Calculation Period, the Weighted Average Fixed Rate in respect of such Calculation Period and the number of days in respect of the applicable Interest Period divided by 365; and
- (b) the Fixed Rate Swap Provider will pay to the Issuer an amount equal to the product of the Adjusted Fixed Rate Loan Balance in respect of the applicable Calculation Period, Compounded Daily SONIA for the relevant Interest Period and the number of days in the applicable Interest Period divided by 365.

Unless a relevant Swap Early Termination Event occurs, the Fixed Rate Swap Agreement is scheduled to terminate on the earlier of (i) the date on which the Notes are redeemed in full other than in circumstances that would give rise to an Additional Termination Event under (and as defined in) the Fixed Rate Swap Agreement, (ii) the Interest Payment Date falling in 16 July 2033, (iii) the Interest Payment Date on or immediately following the date on which the aggregate of the Principal Balances of the Mortgage Loans is reduced to zero and (iv) the first Interest Payment Date on or after 16 April 2028 on which the Adjusted Fixed Rate Loan Balance is zero (including for these purposes those Fixed Rate Loans which are six Monthly Payments or more in arrears).

In connection with a Benchmark Event (as defined in the Fixed Rate Swap Agreement), the Fixed Rate Swap Agreement contains provisions whereby the Calculation Agent (as defined in the Fixed Rate Swap Agreement) may make required adjustments as are necessary to ensure the legal and commercial efficacy of the Fixed Rate Swap Agreement as a consequence of such Benchmark Event. Such adjustments may include changing the Floating Rate Option (as defined in the Fixed Rate Swap Agreement). In addition, the Calculation Agent may make a running adjustment to the Spread (as defined in the Fixed Rate Swap Agreement) that the Calculation Agent determines is required in order to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one party to the other as a result of any adjustments made to the Fixed Rate Swap Agreement in these circumstances. When making any such adjustments, the Calculation Agent shall act in good faith and in a commercially reasonable manner.

### ***Ratings Downgrade***

If, at any time following the Closing Date, the short term or long-term, unsecured and unsubordinated debt obligations, issuer default rating or counterparty risk assessment or Critical Obligation Rating (as applicable) of the Fixed Rate Swap Provider are below the required ratings specified in the Fixed Rate Swap Agreement, the Fixed Rate Swap Provider will be required to take certain remedial measures which may include (depending on the extent of the downgrade) providing collateral for its obligations, arranging for its obligations to be transferred to an entity with the ratings required by the relevant Rating Agency or procuring another entity with the rating required by the relevant Rating Agency to become a guarantor in respect of its obligations or taking such other action (which may include inaction) necessary so that following such action the Class A Notes will be rated no lower than they would be rated but for the downgrade. A failure to take such steps will allow the Issuer to terminate the Fixed Rate Swap Agreement.

On the Closing Date, the Fixed Rate Swap Provider will not have the relevant required ratings under the Fixed Rate Swap Agreement and may therefore be required to provide collateral to the Issuer in accordance with the Fixed Rate Swap Agreement until such time as it is no longer required to provide such collateral under the Fixed Rate Swap Agreement. Such collateral will be held by the Account Bank in a Swap Collateral Account pursuant to the Account Bank Agreement and will be Swap Excluded Receipts.

### ***Termination of the Fixed Rate Swap Agreement***

The Fixed Rate Swap Agreement may be terminated in, *inter alia*, the following circumstances (each, a "**Swap Early Termination Event**"):

- (a) at the option of one party to the swap, if there is a failure by the other party to pay any amounts due and payable in accordance with the terms of the Fixed Rate Swap Agreement and any applicable grace period has expired;
- (b) at the option of the Fixed Rate Swap Provider only, service by the Trustee of an Enforcement Notice on the Issuer pursuant to Condition 13 (*Events of Default*);
- (c) at the option of the other party, upon the Bankruptcy of the Fixed Rate Swap Provider (as defined in the Fixed Rate Swap Agreement) or certain insolvency events with respect to the Issuer (as set out in the Fixed Rate Swap Agreement) or the merger of the Fixed Rate Swap Provider with another entity without an assumption by the entity created by such merger of the obligations of the Fixed Rate Swap Provider under the Fixed Rate Swap Agreement;
- (d) upon the occurrence of a Tax Event in respect of the Issuer and Fixed Rate Swap Provider, Tax Event Upon Merger in respect of the Fixed Rate Swap Provider, Force Majeure in respect of the Issuer and Fixed Rate Swap Provider or an Illegality in respect of the Issuer and Fixed Rate Swap Provider (each as amended by, and defined in, the Fixed Rate Swap Agreement);
- (e) at the option of the Fixed Rate Swap Provider only, service by the Issuer of a notice on the Trustee stating the Issuer's intention to optionally redeem the Notes pursuant to Condition 9.3 (*Optional Redemption in Whole*) or Condition 9.4 (*Optional Redemption in Whole for Taxation Reasons*);
- (f) if the Fixed Rate Swap Provider is downgraded beneath the requirements set out in the Fixed Rate Swap Agreement and the Fixed Rate Swap Provider fails to comply with the requirements of the ratings downgrade provisions contained in the Fixed Rate Swap Agreement and described above in the section entitled "*Key Structural Features – Credit Enhancement and Liquidity Support - Ratings Downgrade*";

- (g) at the option of the Fixed Rate Swap Provider only, if any Transaction Document is amended without the Fixed Rate Swap Provider's prior written consent, in such a manner that affects the priorities or timing or amounts of payments or deliveries to the Fixed Rate Swap Provider; and
- (h) at the option of the Issuer only, if at any time the SONIA Reference Rate (as defined in the Conditions) or other base rate that then applies in respect of the Notes is changed and the Alternative Base Rate (as defined in the Conditions) is different to the Floating Rate Option (as defined in the Fixed Rate Swap Agreement).

Upon the occurrence of a Swap Early Termination Event either the Issuer or the Fixed Rate Swap Provider may be liable to make a termination payment to the other. This termination payment will be calculated and made in Sterling. Depending on which Swap Early Termination Event occurs, the amount of any termination payment will be based on either the value of the terminated swap based on market quotations of the cost of entering into a swap with the same terms and conditions that would have the effect of preserving the respective full payment obligations of the parties or based upon Loss (as defined in the Fixed Rate Swap Agreement) in the event that Market Quotation (as defined in the Fixed Rate Swap Agreement) is not applicable, as set out in the Fixed Rate Swap Agreement.

Except where the Fixed Rate Swap Provider has caused the Fixed Rate Swap Agreement to terminate as a result of an Event of Default which has occurred in respect of itself (as defined in the Fixed Rate Swap Agreement) or pursuant to the Fixed Rate Swap Provider Downgrade Event (in which case any termination payment due to the Fixed Rate Swap Provider will be a Swap Subordinated Amount), any termination payment in respect of the Fixed Rate Swap Agreement due by the Issuer to the Fixed Rate Swap Provider will rank in priority to payments of interest and principal (in the Pre-Enforcement Revenue Payments Priorities and the Post-Enforcement Payments Priorities) due on the Class A Notes to the extent not funded by Swap Collateral or Replacement Swap Premium.

The Issuer will apply any termination payment it receives from a termination of the Fixed Rate Swap Agreement to purchase a replacement swap (as described below). If, following the termination of the Fixed Rate Swap Agreement, a replacement swap is not found, such termination payment shall be deposited in the Swap Collateral Account and applied to purchase any replacement swap entered into at a future date. Following the application of a termination payment to purchase a replacement swap, and payment of the termination payment to the Fixed Rate Swap Provider (if any), any excess amount of the termination payment remaining will constitute Available Revenue. To the extent that the Issuer receives a Replacement Swap Premium under any replacement swap, it shall apply such Replacement Swap Premium first to make any termination payment due under the related terminated swap(s) and any remainder will constitute Available Revenue.

### ***Taxation***

The Issuer is not obliged under the Fixed Rate Swap Agreement to gross up payments made by it if withholding taxes are imposed on payments made under the Fixed Rate Swap Agreement.

The Fixed Rate Swap Provider is always obliged to gross up payments made by it to the Issuer if withholding taxes are imposed on payments made by it to the Issuer under the Fixed Rate Swap Agreement. The imposition of withholding taxes on payments made by the Fixed Rate Swap Provider under the Fixed Rate Swap Agreement may constitute a Tax Event or a Tax Event Upon Merger (each as defined in the Fixed Rate Swap Agreement) and will give the Fixed Rate Swap Provider the right to terminate the Fixed Rate Swap Agreement subject to the terms thereof.

The Issuer shall repay the amount of any Swap Tax Credit in relation to any Fixed Rate Swap Agreement directly to the Fixed Rate Swap Provider without reference to the Payments Priorities.

### ***Governing Law***

The Fixed Rate Swap Agreement and any non-contractual obligations arising in out of or in relation to the Fixed Rate Swap Agreement will be governed by English law.

### ***Payments by the Cash Manager***

All payments referred to in this Prospectus expressed to be made by the Issuer in respect of the Fixed Rate Swap Agreement are to be carried out by the Cash Manager on behalf of the Issuer and pursuant to the Cash Management Agreement.

## **Replacement of the Fixed Rate Swap Agreement**

### *Replacement upon early termination*

In the event that the Fixed Rate Swap Agreement is terminated prior to its scheduled termination date, and prior to the service of an Enforcement Notice or the redemption in full of all outstanding Notes, the Issuer (or the Servicer on its behalf) shall use its reasonable efforts to enter into a replacement swap agreement.

Depending on the circumstances prevailing in the market at the time, the Issuer or the replacement swap provider may be liable to make a payment to the other in order to enter into a replacement swap agreement. If a Replacement Swap Premium is payable by the replacement fixed rate swap provider to the Issuer, any such amount received by the Issuer will be used first to pay any termination payment due under the Fixed Rate Swap Agreement which has been terminated and is being replaced, with any remainder applied as Available Revenue. If a Replacement Swap Premium is payable by the Issuer to the replacement swap provider, the Issuer may not have sufficient funds standing to the credit of the relevant Swap Collateral Account in order to make such payment and therefore may be unable to enter into a replacement swap agreement.

### *Replacement in other circumstances*

The Fixed Rate Swap Provider has the right, at any time upon giving prior notice to the Issuer and the Trustee, to require that any Fixed Rate Swap be transferred or novated by the Fixed Rate Swap Provider to a third party, provided that, *inter alia*: (i) certain requirements of the Rating Agencies (as set out in the Fixed Rate Swap Agreement) are complied with or each of the Rating Agencies confirms that such transfer or novation will not have an adverse effect on the then current ratings of the Notes; (ii) the replacement swap is on terms which have the same effect as the existing swap as to payment and delivery, and are in all other material respects no less beneficial to the Issuer than the terms of the existing Fixed Rate Swap; and (iii) the replacement swap provider accedes to the Transaction Documents to which the Fixed Rate Swap Provider is a party.

## **Credit Support Annex**

On or around the Closing Date, the Fixed Rate Swap Provider will enter into a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) with the Issuer (the "**Credit Support Annex**") in support of the obligations of the Fixed Rate Swap Provider under the Fixed Rate Swap Agreement. Pursuant to the terms of the Credit Support Annex, if at any time the Fixed Rate Swap Provider is required to provide collateral in respect of any of its obligations under the Fixed Rate Swap Agreement, the Fixed Rate Swap Provider will, subject to the conditions specified in the Credit Support Annex and the Fixed Rate Swap Agreement, make transfers of collateral to the Issuer in respect of its obligations under the Fixed Rate Swap Agreement. The Issuer will be obliged to return such collateral in accordance with the terms of the Credit Support Annex.

## **Swap Collateral and the Swap Collateral Account**

In the event that the Fixed Rate Swap Provider is required to transfer collateral to the Issuer in respect of its obligations under the Fixed Rate Swap Agreement in accordance with the terms of the Credit Support Annex, that collateral (and any interest and/or distributions earned thereon or proceeds thereof) will be credited to the Swap Collateral Account. In addition, upon any early termination of the Fixed Rate Swap Agreement: (i) any Replacement Swap Premium received by the Issuer from a replacement Fixed Rate Swap Provider; and/or (ii) any termination payment received by the Issuer from the outgoing Fixed Rate Swap Provider will be credited to the Swap Collateral Account.

Pursuant to the terms of the Cash Management Agreement, the Issuer will not apply amounts standing to the credit of the Swap Collateral Account by way of Swap Collateral, except to the extent that (x) such amounts are required to be applied in accordance with the terms of the Fixed Rate Swap Agreement and Credit Support Annex to satisfy the Issuer's payment obligations under the Fixed Rate Swap Agreement; (y) or to pay any Replacement Swap Premium due from the Issuer to a replacement Fixed Rate Swap Provider; or (z) any termination payment due from the Issuer to the Fixed Rate Swap Provider in respect of a terminated Fixed Rate Swap Agreement. Any excess thereafter shall constitute Available Revenue.

The Swap Collateral Accounts will be maintained with the Account Bank under the terms of the Account Bank Agreement. The Account Bank has agreed with the Issuer in the Account Bank Agreement to pay a variable rate of interest on cash sums in the Swap Collateral Account (which may be negative). The Account Bank Agreement also contains terms on which the Account Bank shall hold any collateral transferred to the Issuer under the Credit Support Annex in the form of securities. In this respect the Account Bank has agreed in the Account Bank

Agreement that the Account Bank will identify in its records that the securities belong to the Issuer (unless otherwise agreed with the Issuer) and that the Account Bank will take the necessary steps to ensure that any sub-custodians identify in their records that the securities belong to the Issuer. The records of the Account Bank will indicate (and the Account Bank shall ensure that records of any sub-custodian indicate) that the securities do not belong to the Account Bank, sub-custodian or any other client of the Account Bank or sub-custodian and are segregated on the Account Banks and sub-custodians books and records from the assets of the Account Bank, any sub-custodian and their respective clients.

On the date on which the Account Bank ceases to be assigned an issuer default rating of at least the Required Rating, the Issuer shall use commercially reasonable endeavours to within 60 calendar days:

- (a) replace the Account Bank with a Qualified Institution and open a replacement Transaction Account with such entity;
- (b) obtain a guarantee of the Account Bank's obligations from a Qualified Institution; and/or
- (c) take such other action as may be acceptable to the Rating Agencies at such time.

## CASHFLOWS AND CASH MANAGEMENT

### APPLICATION OF REVENUE RECEIPTS PRIOR TO SERVICE OF AN ENFORCEMENT NOTICE

On each Calculation Date prior to the service of an Enforcement Notice, the Cash Manager will determine the Net Revenue, the Available Revenue and the Revenue Receipts, each as defined below. The Available Revenue will be applied in accordance with the Pre-Enforcement Revenue Payments Priorities on the following Interest Payment Date.

#### Definition of Revenue Receipts, Net Revenue and Available Revenue

**"Revenue Receipts"** means payments received into the Collection Accounts in respect of the Mortgage Portfolio representing:

- (a) payments of interest on the Mortgage Loans (including amounts derived from Arrears of Interest and Accrued Interest but excluding Capitalised Arrears, if any) and Third Party Amounts due from time to time under the Mortgage Loans;
- (b) recoveries of interest (excluding Capitalised Arrears, if any) from defaulting Borrowers under Mortgage Loans being enforced;
- (c) recoveries of interest and principal (excluding Capitalised Arrears, if any) from defaulting Borrowers under Mortgage Loans after the completion of any Enforcement Procedures in respect of any such Mortgage Loan and its Related Security and the distribution of proceeds of such enforcements net of any fees payable to any third party collection agency employed by the Servicer to recover shortfalls in respect of a Mortgage Loan following completion of Enforcement Procedures in respect of that Mortgage Loan and its Related Security; and
- (d) such proportion of each Repurchase Price as is attributable to Accrued Interest, Arrears of Interest and other interest amounts in respect of the Mortgage Loans (excluding, for the avoidance of doubt, Capitalised Arrears, if any),

but excluding in each case any Retained Fees.

**"Net Revenue"** means, for each Interest Payment Date, the aggregate Revenue Receipts collected during the related Calculation Period *less* amounts collected during the related Calculation Period which are Third Party Amounts.

**"Third Party Amounts"** means, in relation to Revenue Receipts, amounts which properly belong to third parties such as (but not limited to):

- (a) payments of certain insurance premia where such cash amounts have been paid by the relevant Borrower and form part of Revenue Receipts;
- (b) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer's account; and
- (c) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower or the Seller.

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

- (a) the Net Revenue received by the Issuer during the related Calculation Period;
- (b) interest received by the Issuer in respect of the Transaction Account and income received from or in respect of any Authorised Investments, in each case received during the related Calculation Period;
- (c) all amounts received by the Issuer under or in respect of the Fixed Rate Swap Agreement or any replacement swap agreement (other than Swap Excluded Receipts) at any time;
- (d) any other income of the Issuer received during the related Calculation Period (other than interest and distributions on Swap Collateral and other than any Retained Fees);

- (e) any General Reserve Release Amount;
- (f) any amount of Available Principal to be applied in accordance with item (e) of the Pre-Enforcement Principal Payments Priorities once the Notes have been redeemed in full;
- (g) any amounts released from the Servicer Failure Reserve Fund, following the subsequent receipt of the relevant Servicer Reports, to the extent not required to pay or provide for a Reconciliation Amount;
- (h) any amount of Available Principal to be applied on that Interest Payment Date in reducing the debit balance of the Revenue Surplus Ledger in accordance with item (c) of the Pre-Enforcement Principal Payments Priorities;

plus

- (i) if a Revenue Shortfall occurs (as a result of the aggregate of items (a) to (h) above being insufficient to pay or provide for items (a) to (g) of the Pre-Enforcement Revenue Payments Priorities), the amount then standing to the credit of the General Reserve Ledger to the extent necessary to cover such Revenue Shortfall;

plus

- (j) if a Remaining Revenue Shortfall occurs (as a result of the aggregate of items (a) to (i) above being insufficient to pay or provide for items (a) to (f) of the Pre-Enforcement Revenue Payments Priorities), Available Principal for such Interest Payment Date in an aggregate amount sufficient to cover such Remaining Revenue Shortfall;

plus

- (k) following a Servicer Report Failure Event and the subsequent receipt of the relevant Servicer Reports, any amount debited from the Servicer Failure Reserve Fund, and any Available Principal to the extent required to pay or provide for any Reconciliation Amount;

less

- (l) following a Servicer Report Failure Event and the subsequent receipt of the relevant Servicer Reports, any amount of Available Revenue applied to pay or provide for any Reconciliation Amount,

**provided that** in respect of any receipt which is not received as a result of a Direct Debit payment, any amount received in one Calculation Period but credited to the Servicer's systems in the following Calculation Period shall be treated for all purposes as a receipt in such following Calculation Period, and "received by the Issuer during the related Calculation Period" shall in respect of such amount mean received in the Calculation Period in which it is credited to the Servicer's systems and **provided further that** in respect of any Interest Payment Date on which the Seller is repurchasing the Mortgage Portfolio as a Post Step-Up Date Mortgage Portfolio Repurchase, any Repurchase Price received or due to be received by the Issuer in respect of such repurchase after the last day of the relevant Calculation Period and on or before the relevant Interest Payment Date shall be treated as a payment received during the Relevant Calculation Period.

#### **General Reserve Fund and General Reserve Ledger**

On the Closing Date, a fund will be established called the General Reserve Fund. The General Reserve Fund will be funded on the Closing Date through part of the proceeds of a drawing under the Subordinated Loan Agreement in the sum of £5,250,000 (being an amount equal to 1.5 per cent. of the Principal Amount Outstanding of the Class A Notes as at the Closing Date). The General Reserve Fund will be credited to the Transaction Account (with a corresponding credit to the General Reserve Ledger).

After the Closing Date and prior to redemption in full of the Class A Notes, the General Reserve Fund will be replenished from Available Revenue in accordance with the Pre-Enforcement Revenue Payments Priorities on each Interest Payment Date, up to the General Reserve Fund Required Amount.

On each Interest Payment Date, provided that, as at the related Calculation Date:

- (a) no Event of Default has occurred and is continuing;



- (b) the amount standing to the debit of the Class A Principal Deficiency Sub-Ledger is zero;
- (c) the aggregate Principal Balances of all Mortgage Loans that are three or more months in arrears on such date is less than 3 per cent. of aggregate Principal Balances of all Mortgage Loans on such date; and
- (d) the aggregate Principal Losses in respect of the Mortgage Portfolio are equal to less than 1 per cent. of the total Principal Balance of the Mortgage Portfolio on the Initial Mortgage Portfolio Cut-Off Date,

(conditions (a) to (d) above being the "**General Reserve Release Conditions**") any amounts credited to the General Reserve Ledger in excess of the General Reserve Fund Required Amount (the "**General Reserve Release Amount**") will be applied as Available Revenue.

#### **Application of General Reserve Fund to fund Revenue Shortfall**

Prior to service of an Enforcement Notice, amounts standing to the credit of the General Reserve Fund will be applied as Available Revenue on any Interest Payment Date to the extent required to make up any Revenue Shortfall on such Interest Payment Date.

If funds standing to the credit of the General Reserve Fund are applied to fund a Revenue Shortfall on any Interest Payment Date, the Issuer (or the Cash Manager on its behalf) will make a corresponding debit in the General Reserve Ledger.

Following the redemption in full of the Class A Notes, the Issuer will not be required to maintain the General Reserve Fund, at which point the General Reserve Fund Required Amount will be equal to zero and all amounts standing to the credit of the General Reserve Ledger will be released as a General Reserve Release Amount and used as set out above, regardless of whether the General Reserve Release Conditions are satisfied.

#### **Application of Available Principal to fund Remaining Revenue Shortfall**

Prior to service of an Enforcement Notice, Available Principal will be applied as Available Revenue on any Interest Payment Date to the extent required to make up any Remaining Revenue Shortfall on such Interest Payment Date.

If Available Principal is applied to fund a Remaining Revenue Shortfall on any Interest Payment Date, the Issuer (or the Cash Manager on its behalf) will make a corresponding debit in the Principal Deficiency Ledger.

#### **Application of Available Revenue prior to the service of an Enforcement Notice**

On each Interest Payment Date prior to the service of an Enforcement Notice, the Cash Manager on behalf of the Issuer is required pursuant to the terms of the Cash Management Agreement to apply or provide for the application of an amount equal to the Available Revenue in the following order of priority (the "**Pre-Enforcement Revenue Payments Priorities**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *first*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of any remuneration, fees, costs, charges, liabilities, expenses and all other amounts then due or to become due and payable in the immediately succeeding Interest Period to the Trustee and any Appointee under the provisions of the Trust Deed, the Deed of Charge and the other Transaction Documents together with (if payable) VAT thereon as provided therein;
- (b) *second*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of any remuneration then due and payable to the Agent Bank, the Registrar, the Transfer Agent and the Paying Agents and any fees, costs, charges, liabilities and expenses then due or to become due and payable in the immediately succeeding Interest Period to them under the provisions of the Agency Agreement together with (if payable) VAT thereon as provided therein;
- (c) *third*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (i) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Corporate Services Provider in the immediately succeeding Interest Period under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;

- (ii) any amounts then due and payable to the Account Bank and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Account Bank in the immediately succeeding Interest Period under the provisions of the Account Bank Agreement, together with VAT (if payable) thereon as provided therein;
  - (iii) any amounts then due and payable to the Servicer and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately succeeding Interest Period under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;
  - (iv) any amounts then due and payable to the Back-Up Servicer Facilitator and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Servicer Facilitator in the immediately succeeding Interest Period under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein; and
  - (v) any amounts then due and payable to the Cash Manager and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager in the immediately succeeding Interest Period under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
- (d) *fourth*, in or towards payment of any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and any amounts necessary to provide for any such amounts expected to become due and payable by the Issuer in the immediately succeeding Interest Period and any amounts required to pay or discharge any liability of the Issuer for corporation tax of the Issuer (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under item (j) below));
  - (e) *fifth*, in or towards payment of any amounts due to the Fixed Rate Swap Provider in respect of the Fixed Rate Swap Agreement (other than: (i) any Swap Subordinated Amounts which are due and payable under item (m) below; and (ii) Swap Excluded Payments);
  - (f) *sixth*, in or towards payment of any interest due and payable on the Class A Notes to the Principal Paying Agent;
  - (g) *seventh*, to credit the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied as Available Principal on such Interest Payment Date);
  - (h) *eighth*, for so long as the Class A Notes remain outstanding following such Interest Payment Date, towards crediting the General Reserve Fund up to the General Reserve Fund Required Amount;
  - (i) *ninth*, to credit the Class Z Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied as Available Principal on such Interest Payment Date);
  - (j) *tenth*, in or towards payment to the Issuer of the Issuer Profit Amount to be credited to the Issuer Profit Ledger of the Transaction Account and to be retained by the Issuer as profit in respect of the business of the Issuer;
  - (k) *eleventh*, on and following the Step-Up Date, if the Notes are not redeemed in full in accordance with Condition 9.3(b) (*Optional Redemption in whole*), to apply as Available Principal on such Interest Payment Date any Revenue Surplus up to the Revenue Surplus Required Amount (following which a debit will be recorded to the Revenue Surplus Ledger in the amount so applied);
  - (l) *twelfth*, in or towards payment of any interest due and payable on the Class Z Notes, Deferred Interest and Additional Interest relating thereto to the Principal Paying Agent;
  - (m) *thirteenth*, in or towards payment in accordance with the terms of the Fixed Rate Swap Agreement, to the Fixed Rate Swap Provider, of any Swap Subordinated Amounts;
  - (n) *fourteenth*, if a Servicer Report Failure Event has occurred and is continuing all remaining Available Revenue after application of amounts (a) to (m) (inclusive) above to be credited to the Servicer Failure Reserve Fund;

- (o) *fifteenth*, if no Servicer Report Failure Event has occurred and is continuing, in or towards payment of interest due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;
- (p) *sixteenth*, if no Servicer Report Failure Event has occurred and is continuing, in or towards payment of principal due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement; and
- (q) *seventeenth*, if no Servicer Report Failure Event has occurred and is continuing, the excess (if any) to be applied as Deferred Consideration.

**Payments of Third Party Amounts**

Both before and following service of an Enforcement Notice, Third Party Amounts may be withdrawn by the Cash Manager on a daily basis from the Transaction Account to make payment to the persons entitled thereto except where such payments have already been provided for elsewhere.

**APPLICATION OF PRINCIPAL RECEIPTS PRIOR TO SERVICE OF AN ENFORCEMENT NOTICE**

On each Calculation Date prior to the service of an Enforcement Notice, the Cash Manager shall determine the amount of Principal Receipts and Available Principal to be applied in accordance with the Pre-Enforcement Principal Payments Priorities on the immediately succeeding Interest Payment Date.

**Definition of Principal Receipts and Available Principal**

"**Principal Receipts**" means:

- (a) any payment in respect of principal received in respect of any Mortgage Loan (including payments of arrears of principal, Capitalised Arrears and Overpayments);
- (b) any payment received in respect of any claim under an Insurance Policy in respect of a Property in connection with a Mortgage Loan;
- (c) recoveries of principal on redemption (including partial redemption) of any Mortgage Loan;
- (d) recoveries of principal from defaulting Borrowers on enforcement of any Mortgage Loan (including deriving from the proceeds of sale of the relevant Property);
- (e) the principal component of any Repurchase Prices; and
- (f) any other payments received in respect of the Mortgage Portfolio which are not classified as Revenue Receipts (excluding Retained Fees).

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

- (a) the Principal Receipts received by the Issuer during the related Calculation Period;
- (b) any amounts of Available Revenue to be applied on that Interest Payment Date, pursuant to the Pre-Enforcement Revenue Payments Priorities, in reducing the debit balance of the Principal Deficiency Ledger; and
- (c) any amounts of Available Revenue to be applied on that Interest Payment Date as Available Principal, pursuant to item (k) of the Pre-Enforcement Revenue Payments Priorities;
- (d) in respect of the first Calculation Period only, any funds representing the excess of the proceeds of the issue of the Notes over the Initial Consideration;

plus

- (e) following a Servicer Report Failure Event and subsequent receipt of the relevant Servicer Reports, any amount debited from the Servicer Failure Reserve Fund, and any Available Revenue applied to pay or provide for a Reconciliation Amount;

less

- (f) following a Servicer Report Failure Event and subsequent receipt of the relevant Servicer Reports, any Available Principal applied to pay or provide for a Reconciliation Amount;

less

- (g) the amount of Principal Receipts to the extent comprised in paragraph (a) above used by the Issuer in the immediately preceding Calculation Period to pay the Further Advance Consideration;

plus

- (h) any balance brought forward from the Principal Ledger for the previous Calculation Period,

**provided that** in respect of any receipt which is not received as a result of a Direct Debit payment, any amount received in one Calculation Period but credited to the Servicer's systems in the following Calculation Period shall be treated for all purposes as a receipt in such following Calculation Period, and "received by the Issuer during the related Calculation Period" shall in respect of such amount mean received in the Calculation Period in which it is credited to the Servicer's systems and **provided further that** in respect of any Interest Payment Date on which the Seller is repurchasing the Mortgage Portfolio as a Post Step-Up Date Mortgage Portfolio Repurchase, any Repurchase Price received or due to be received by the Issuer in respect of such repurchase after the last day of the relevant Calculation Period and on or before the relevant Interest Payment Date shall be treated as a payment received during the Relevant Calculation Period.

#### **Application of Available Principal prior to the service of an Enforcement Notice**

Prior to the service of an Enforcement Notice, the Issuer is required pursuant to the terms of the Cash Management Agreement to apply or provide for an amount equal to Available Principal (if any) on each Interest Payment Date in the following order of priority (the "**Pre-Enforcement Principal Payments Priorities**") (in each case only if and to the extent that payments or provisions of higher priority have been paid in full):

- (a) *first*, to fund any Remaining Revenue Shortfall on such Interest Payment Date (such amounts to be applied as Available Revenue on such Interest Payment Date);
- (b) *second*, in redeeming the Class A Notes, until the Principal Amount Outstanding thereof has been reduced to zero, such payment to be made to the Principal Paying Agent;
- (c) *third*, to credit the Revenue Surplus Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied as Available Revenue on such Interest Payment Date);
- (d) *fourth*, after the Class A Notes have been repaid in full, in redeeming the Class Z Notes until the Principal Amount Outstanding thereof has been reduced to zero, such payment to be made to the Principal Paying Agent; and
- (e) *fifth*, after the Class A and Class Z Notes have been repaid in full, the excess (if any) to be applied as Available Revenue on such Interest Payment Date.

#### **APPLICATION OF REVENUE RECEIPTS, PRINCIPAL RECEIPTS AND OTHER MONIES FOLLOWING THE SERVICE OF AN ENFORCEMENT NOTICE**

Following the service of an Enforcement Notice (which has not been revoked) on the Issuer, the Issuer or the Cash Manager will calculate all amounts other than Swap Excluded Payments and Third Party Amounts received or recovered in respect of the Charged Property, such amounts (including, for the avoidance of doubt, amounts received on enforcement or realisation of the Security) being the "**Post-Enforcement Amounts**".

#### **Post-Enforcement Payments Priorities**

The Post-Enforcement Amounts will be applied or provided for in accordance with the following order of priority (the "**Post-Enforcement Payments Priorities**" and, together with the Pre-Enforcement Revenue Payments

Priorities and the Pre-Enforcement Principal Payments Priorities, the "**Payments Priorities**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any remuneration, fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Trustee and any Appointee under the provisions of the Trust Deed, the Deed of Charge and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;
- (b) *second* in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any remuneration then due and payable to the Agent Bank, the Transfer Agent, the Registrar and the Paying Agents and any costs, charges, liabilities and expenses then due and payable to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (i) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, liabilities and expenses then due and payable to the Corporate Services Provider under the provisions of the Corporate Services Agreement together with (if payable) VAT thereon as provided therein;
  - (ii) any amounts then due and payable to the Account Bank and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Account Bank in the immediately succeeding Interest Period under the provisions of the Account Bank Agreement, together with VAT (if payable) thereon as provided therein;
  - (iii) any amounts due and payable to the Servicer and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein;
  - (iv) any amounts due and payable to the Back-Up Servicer Facilitator and any fees, costs, charges, liabilities and expenses then due and payable to the Back-Up Servicer Facilitator under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein; and
  - (v) any amounts then due and payable to the Cash Manager and any fees, costs, charges, liabilities and expenses then due and payable to the Cash Manager under the provisions of the Cash Management Agreement, together with (if payable) VAT thereon as provided therein;
- (d) *fourth*, in or towards satisfaction of any amounts due to the Fixed Rate Swap Provider in respect of the Fixed Rate Swap Agreement to the extent not funded by Swap Excluded Payments (other than any Swap Subordinated Amounts which are due and payable under item (g) below);
- (e) *fifth*, to pay:
  - (i) *first*, interest due and payable on the Class A Notes and any Additional Interest relating thereto, such payment to be made to the Principal Paying Agent; and
  - (ii) *second*, principal due and payable on the Class A Notes until the Principal Amount Outstanding thereof has been reduced to zero, such payment to be made to the Principal Paying Agent;
- (f) *sixth*, to pay:
  - (i) *first*, interest due and payable on the Class Z Notes, any Deferred Interest and any Additional Interest relating thereto; and
  - (ii) *second*, principal due and payable on the Class Z Notes until the Principal Amount Outstanding on the Class Z Notes has been reduced to zero, in each case, such payment to be made to the Principal Paying Agent;
- (g) *seventh*, to pay in accordance with the terms of the Fixed Rate Swap Agreement, any Swap Subordinated Amounts to the Fixed Rate Swap Provider to the extent not funded by Swap Excluded Payments;

- (h) *eighth*, in or towards payment to the Issuer of the Issuer Profit Amount;
- (i) *ninth*, to pay amounts:
  - (i) *first*, interest; and
  - (ii) *second*, principal, due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement; and
- (j) *tenth*, to pay Deferred Consideration due and payable to the Seller.

#### **Application of Amounts in Respect of Swap Tax Credits, Termination Payments, Swap Collateral and Replacement Swap Premium**

Amounts received by the Issuer in respect of:

- (a) Swap Tax Credits;
- (b) Swap Collateral;
- (c) Replacement Swap Premium, to the extent required to make any payment due to the Fixed Rate Swap Provider in respect of an Early Termination Date (as defined in the Fixed Rate Swap Agreement) designated under the Fixed Rate Swap Agreement; and
- (d) any payment received in respect of an Early Termination Date designated under the Fixed Rate Swap Agreement (whether received by way of payment of cash received from the Fixed Rate Swap Provider or by applying Swap Collateral to discharge the early termination payment in respect of such Early Termination Date), to the extent that such payment is required to pay Replacement Swap Premium to a replacement swap provider,

(such amounts being together referred to as "**Swap Excluded Receipts**"), shall be applied by the Cash Manager on the Issuer's behalf in accordance with the terms of the Fixed Rate Swap Agreement or replacement swap agreement, without regard to the Payments Priorities and in accordance with the terms of the Cash Management Agreement and the Deed of Charge.

#### **Estimations and Reconciliations**

In circumstances where the Servicer Report or other relevant information is not provided to the Cash Manager, such that the Cash Manager cannot determine the Available Revenue and Available Principal in respect of any Calculation Period, the amount of Revenue Receipts and Principal Receipts for the purposes of such determination shall be estimated by reference to the three most recent Calculation Periods. The Cash Manager may also use the Revenue Receipts and Principal Receipts calculated in this manner for the purpose of providing such information in relation to the Mortgage Portfolio as may be required pursuant to the Fixed Rate Swap Agreement to the Fixed Rate Swap Provider.

If a Servicer Report is subsequently delivered in respect of any subsequent Calculation Period and for the Calculation Periods where no such information was available, then: (i) the Revenue Receipts and Principal Receipts will be calculated on the basis of the information in such Servicer Report; and (ii) one or more reconciliation payments in respect of a Reconciliation Amount may be required to be made by the Issuer on the related and subsequent Interest Payment Dates in order to account for any overpayment(s) and/or underpayment(s) made on any Interest Payment Date during the relevant period of estimations in accordance with Condition 8.12 (*Determinations and Reconciliation*) and the Cash Management Agreement.

#### **Disclosure of modifications to the priorities of payments**

Any events which trigger changes in the Payments Priorities and any change in the Payments Priorities 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. Such disclosure shall be made by means of a securitisation repository (as defined in the UK Securitisation Regulation) or such other method as the Seller deems appropriate from time to time.

## DESCRIPTION OF THE NOTES IN GLOBAL FORM

The Conditions and the Global Notes contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes which apply when in definitive form. The following is a summary of certain of those provisions:

### 1. **Form**

All Notes will be issued in fully registered form and will be represented, on issue, by the Global Notes. The Notes are not issuable in bearer form.

### 2. **Nominal Amount**

The nominal amount of the Global Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg or any alternative clearing system approved by the Trustee (each a relevant "**Clearing System**").

The Notes will be issued in the form of registered global notes. The Global Notes will be issued and held under the new safekeeping structure and are intended upon issue to be deposited with, and registered in the nominee name of, a common safekeeper on behalf of one of the ICSDs.

The records of such relevant Clearing System shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time. The Trustee will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

### 3. **Issuance of Definitive Notes**

Holders of Book-Entry Interests in the Global Notes will be entitled to receive certificates evidencing definitive notes in registered form ("**Definitive Notes**") in exchange for their respective holdings of Book-Entry Interests if:

- (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease to do business; or
- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or of any political sub-division therein or thereof having power to tax or in the interpretation or administration of such legislation which becomes effective on or after the Closing Date, the Issuer or the Principal Paying Agent is or will be required to make any deduction or withholding for or on account of Tax from any payment in respect of the Notes which would not be required were the Notes in definitive form.

In order to receive a Definitive Note a person having an interest in a Global Note must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Notes.

Any Definitive Notes issued in exchange for Book-Entry Interests in a Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Definitive Notes issued in exchange for Book-Entry Interests in a Global Note, as the case may be, will not be entitled to exchange such Definitive Note, for Book-Entry Interests in a Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set forth under Condition 4 (*Title and Transfer*) provided that no transfer shall be registered for a period of 15 calendar days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Definitive Notes will not be issued in a denomination that is not an integral multiple of the Minimum Denomination or for any amount in excess thereof, in integral multiples of £1,000. As the Notes have a denomination consisting of the Minimum Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of £100,000 (or its equivalent) that are not integral multiples of £100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the Minimum Denomination may not

receive a Definitive Note in respect of such holding (should Definitive Notes be issued) and would need to purchase a principal amount of Notes such that its holding amounts to the Minimum Denomination.

#### 4. **Payments**

Payments of principal and interest in respect of Notes represented by the Global Note will be made to its holder. The Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant Clearing System and, in the case of payments of principal, the nominal amount of the Notes will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the Common Safekeeper or its nominees in respect of those Book-Entry Interests.

For the purpose of any payments made in respect of a Global Note, Condition 11.6 (*Payments on Business Days*) shall apply, and all such payments shall be made on a day which is a Business Day.

#### 5. **Book-Entry Interests**

Book-Entry Interests in respect of Global Notes will be recorded in denominations of £100,000 (the "**Minimum Denomination**") and, for so long as the rules of Euroclear or Clearstream, Luxembourg so permit integral multiples of £1,000 in excess thereof. Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg or ("**Participants**") or persons that hold interests in the Book-Entry Interests through Participants ("**Indirect Participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants shall also include persons that hold beneficial interests through such Indirect Participants. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Arranger. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants).

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date, Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The record date, in respect of the Notes shall be one Clearing System Business Day prior to the relevant Interest Payment Date where "**Clearing System Business Day**" means a day on which each clearing system for which the Notes are being held is open for business. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arranger, the Joint Lead Managers or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

So long as a nominee of the Common Safekeeper, as applicable, is the registered holder of the respective Global Notes underlying the Book-Entry Interests, the nominee of the Common Safekeeper will be considered the sole Noteholder of the relevant Global Note for all purposes under the Trust Deed and the Agency Agreement. Except as set forth under "Issuance of Definitive Notes" above, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or



Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes under the Trust Deed. See "*Action in Respect of the Global Note and the Book-Entry Interests*" below.

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Global Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg, as the case may be, unless and until Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear or Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Unless and until Book-Entry Interests in the Global Notes are exchanged for Definitive Notes, the Global Notes registered in the name of a nominee of the Common Safekeeper may not be transferred except as a whole by the Common Safekeeper to a successor of the Common Safekeeper. Purchasers of Book-Entry Interests in a Global Note will hold Book-Entry Interests in the respective Global Notes relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg, if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in each respective Global Note, as the case may be, on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

#### **6. Transfer**

Transfers of interests in the Notes are subject to certain restrictions and must be made in accordance with the procedures set forth in the Trust Deed. Each purchaser of Notes in making its purchase will be required to make, or will be deemed to have made, certain acknowledgements, representations and agreements. The transfer of Notes in breach of certain of such representations and agreements will result in affected Notes becoming subject to certain forced transfer provisions. See Condition 4 (*Title and transfer*).

#### **7. Action in Respect of the Global Note and the Book-Entry Interests**

Not later than 10 calendar days after receipt by the Issuer of any notices in respect of the Global Notes or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Notes, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Notes and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear and Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Notes in accordance with any instructions set forth in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "*Book-Entry Interests*" above, with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

#### **8. Trading between Clearing System participants**

Secondary market sales of Book-Entry Interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of Book-Entry Interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds and sterling denominated bonds.

9. **Notices**

So long as the Notes are in global form and held on behalf of a relevant Clearing System, notices to Noteholders may be given by delivery of the relevant notice to that relevant Clearing System for communication by it to entitled accountholders in substitution for publication as required by the Conditions.

10. **Purchase and Cancellation**

On cancellation of any Note required by the Conditions to be cancelled following its purchase, the Issuer shall procure that details of such cancellation shall be entered pro rata in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by a Global Note shall be reduced by the aggregate nominal amount of the Notes so cancelled.

11. **Trustee's Powers**

In considering the interests of Noteholders while a Global Note is held on behalf of a relevant Clearing System, the Trustee may have regard to any information provided to it by such relevant Clearing System or its operator as to the identity (either individually or by category) of its accountholders with entitlements to a Global Note and may consider such interests as if such accountholders were the holder of a Global Note.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes in the form in which they will be set out in the Trust Deed (subject to completion and amendment). If the Notes were to be represented by Definitive Notes, the Conditions set out on the reverse of each of such Definitive Notes would be as follows. While the Notes are represented by Global Notes, they will be governed by the same terms and conditions except to the extent that such terms and conditions are appropriate only to securities in definitive form or are expressly varied by the terms of such Global Notes. These terms and conditions are subject to the detailed provisions of the Trust Documents and the other Transaction Documents (each as defined below).*

### 1. General

- 1.1 The £350,000,000 Class A Mortgage Backed Floating Rate Notes due 16 July 2065 (the "**Class A Notes**") and the £33,056,000 Class Z Mortgage Backed Floating Rate Notes due 16 July 2065 (the "**Class Z Notes**" and, together with the Class A Notes, the "**Notes**") will be issued by Bowbell No.3 PLC (registered number 15147978) (the "**Issuer**") on the Closing Date.
- 1.2 The Issuer has agreed to issue the Notes subject to and with the benefit of the terms of the Trust Documents and the Agency Agreement.
- 1.3 The security for the Notes is created pursuant to, and on the terms set out in, the Deed of Charge.
- 1.4 The Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.
- 1.5 Certain provisions of these Conditions are summaries of the Trust Documents and the Agency Agreement and are subject to their detailed provisions.
- 1.6 The Noteholders are bound by the terms of the Trust Documents and are deemed to have notice of all of the provisions of the Transaction Documents.
- 1.7 Copies of the Transaction Documents are available for inspection electronic form by Noteholders during normal business hours at the Specified Office of the Principal Paying Agent.

### 2. Definitions

- 2.1 In these Conditions the following defined terms have the meanings set out below:

"**Account Bank**" means Elavon Financial Services DAC, U.K. Branch in its capacity as such under the Account Bank Agreement;

"**Account Bank Agreement**" means the agreement so named dated on or about the Closing Date between the Issuer, the Cash Manager, the Account Bank and the Trustee;

"**Accrued Interest**" means, as at any date (for the purposes of this definition only, the "**determination date**") from (but excluding) the Initial Mortgage Portfolio Cut-Off Date and in relation to any Mortgage Loan, interest on such Mortgage Loan (not being interest which is currently payable on the determination date) which has accrued (but is not yet due and payable) from and including the first day of the calendar month immediately prior to the determination date to and including the determination date.

"**Additional Interest**" has the meaning ascribed to it in Condition 8.11 (*Interest Deferred*);

"**Advance Date**" means in respect of a Further Advance, the date on which that Further Advance is made by the Seller to the relevant Borrower;

"**Agency Agreement**" means the agreement so named dated on or about the Closing Date between the Issuer, the Agent Bank, the Principal Paying Agent, the Transfer Agent, the Registrar and the Trustee;

"**Agent Bank**" means Elavon Financial Services DAC, U.K. Branch in its capacity as agent bank pursuant to the Agency Agreement;

"**Agents**" means the Agent Bank, the Registrar, the Transfer Agent and the Paying Agents and "**Agent**" means any one of them;

**"Arrears of Interest"** means as at any date (for the purposes of this definition only, the "**determination date**") from (but excluding) the Initial Mortgage Portfolio Cut-Off Date and in relation to any Mortgage Loan, interest (which has not been capitalised) on such Mortgage Loan which is currently due and payable and unpaid on or before that determination date;

**"Authorised Denomination"** means the Minimum Denomination and, for so long as Euroclear and Clearstream, Luxembourg so permit, any amount in excess thereof in integral multiples of £1,000;

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

- (a) the Principal Receipts received by the Issuer during the related Calculation Period;
- (b) any amounts of Available Revenue to be applied on that Interest Payment Date, pursuant to the Pre-Enforcement Revenue Payments Priorities, in reducing the debit balance of the Principal Deficiency Ledger;
- (c) any amounts of Available Revenue to be applied on that Interest Payment Date as Available Principal, pursuant to item (k) of the Pre-Enforcement Revenue Payments Priorities;
- (d) in respect of the first Calculation Period only, any funds representing the excess of the proceeds of the issue of the Notes over the Initial Consideration;

plus

- (e) following a Servicer Report Failure Event and subsequent receipt of the relevant Servicer Reports, any amount debited from the Servicer Failure Reserve Fund, and any Available Revenue applied to pay or provide for a Reconciliation Amount;

less

- (f) following a Servicer Report Failure Event and subsequent receipt of the relevant Servicer Reports, any Available Principal applied to pay or provide for a Reconciliation Amount;

less

- (g) the amount of Principal Receipts to the extent comprised in paragraph (a) above used by the Issuer in the immediately preceding Calculation Period to pay the Further Advance Consideration;

plus

- (h) any balance brought forward from the Principal Ledger for the previous Calculation Period,

**provided that** in respect of any receipt which is not received as a result of a Direct Debit payment, any amount received in one Calculation Period but credited to the Servicer's systems (as applicable) in the following Calculation Period shall be treated for all purposes as a receipt in such following Calculation Period, and "received by the Issuer during the related Calculation Period" shall in respect of such amount mean received in the Calculation Period in which it is credited to the Servicer's systems and **provided further that** in respect of any Interest Payment Date on which the Seller is repurchasing the Mortgage Portfolio as a Post Step-Up Date Mortgage Portfolio Repurchase, any Repurchase Price received or due to be received by the Issuer in respect of such repurchase after the last day of the relevant Calculation Period and on or before the relevant Interest Payment Date shall be treated as a payment received during the Relevant Calculation Period;

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

- (a) the Net Revenue received by the Issuer during the related Calculation Period;
- (b) interest received by the Issuer in respect of the Transaction Account and income received from or in respect of any Authorised Investments, in each case received during the related Calculation Period;

- (c) all amounts received by the Issuer under or in respect of the Fixed Rate Swap Agreement or any replacement swap agreement (other than Swap Excluded Receipts) at any time.
- (d) any other income of the Issuer received during the related Calculation Period (other than interest and distributions on Swap Collateral and other than any Retained Fees);
- (e) any General Reserve Release Amount;
- (f) any amount of Available Principal to be applied in accordance with item (e) of the Pre-Enforcement Principal Payments Priorities once the Notes have been redeemed in full;
- (g) any amounts released from the Servicer Failure Reserve Fund, following the subsequent receipt of the relevant Servicer Reports, to the extent not required to pay or provide for a Reconciliation Amount;
- (h) any amount of Available Principal to be applied on that Interest Payment Date in reducing the debit balance of the Revenue Surplus Ledger in accordance with item (c) of the Pre-Enforcement Principal Payments Priorities;

plus

- (i) if a Revenue Shortfall occurs (as a result of the aggregate of items (a) to (h) above being insufficient to pay or provide for items (a) to (g) of the Pre-Enforcement Revenue Payments Priorities), the amount then standing to the credit of the General Reserve Ledger to the extent necessary to cover such Revenue Shortfall;

plus

- (j) if a Remaining Revenue Shortfall occurs (as a result of the aggregate of items (a) to (i) above being insufficient to pay or provide for items (a) to (f) of the Pre-Enforcement Revenue Payments Priorities), Available Principal for such Interest Payment Date in an aggregate amount sufficient to cover such Remaining Revenue Shortfall;

plus

- (k) following a Servicer Report Failure Event and the subsequent receipt of the relevant Servicer Reports, any amount debited from the Servicer Failure Reserve Fund, and any Available Principal to the extent required to pay or provide for any Reconciliation Amount;

less

- (l) following a Servicer Report Failure Event and the subsequent receipt of the relevant Servicer Reports, any amount of Available Revenue applied to pay or provide for any Reconciliation Amount,

**provided that** in respect of any receipt which is not received as a result of a Direct Debit payment, any amount received in one Calculation Period but credited to the Servicer's systems (as applicable) in the following Calculation Period shall be treated for all purposes as a receipt in such following Calculation Period, and "received by the Issuer during the related Calculation Period" shall in respect of such amount mean received in the Calculation Period in which it is credited to the Servicer's systems and **provided further that** in respect of any Interest Payment Date on which the Seller is repurchasing the Mortgage Portfolio as a Post Step-Up Date Mortgage Portfolio Repurchase, any Repurchase Price received or due to be received by the Issuer in respect of such repurchase after the last day of the relevant Calculation Period and on or before the relevant Interest Payment Date shall be treated as a payment received during the Relevant Calculation Period;

**"Back-Up Servicer Facilitator"** means CSC Capital Markets UK Limited in its capacity as back-up servicer facilitator in accordance with the Servicing Agreement or any successor duly appointed;

**"Bank of England Base Rate"** means the Bank of England's official dealing rate (repo rate) as set by the UK Monetary Policy Committee, or such alternative rate or index which is not controlled by the Seller, that the Seller considers to be the most appropriate in the circumstances;

"**BOIUK**" means Bank of Ireland (UK) plc;

"**Borrower**" means, in relation to a Mortgage Loan, the individual or individuals specified as such in the relevant Mortgage Terms together with the individual or individuals (if any) from time to time assuming an obligation to repay such Mortgage Loan or any part of it;

"**Breach of Duty**" means:

- (a) in relation to the Trustee, the Paying Agents, Principal Paying Agent, Agent Bank, Transfer Agent, Registrar and Account Bank gross negligence, wilful default and fraud; and
- (b) in relation to any person (other than one mentioned at (a) above) a wilful default, fraud, negligence or breach of trust or material breach of any agreement by such person;

"**Broad Treasuries Repo Financing Rate**" means the broad treasuries repo financing rate published by the Federal Reserve Bank of New York;

"**Business Day**" means, a day on which commercial banks and foreign exchange markets settle payments in London;

"**Calculation Date**" means in relation to an Interest Payment Date, the third Business Day prior to such Interest Payment Date and a Calculation Date shall relate to an Interest Payment Date (and be the "**related Calculation Date**" in respect of such Interest Payment Date) where such Calculation Date immediately precedes such Interest Payment Date;

"**Calculation Period**" means each period from, and including, the first day in a calendar month in which a Calculation Date occurs (or in respect of the first Calculation Period, from (but excluding) the Initial Mortgage Portfolio Cut-Off Date) to (and including) the last day in the calendar month immediately preceding the next Calculation Date (or in respect of the first Calculation Period, the first Calculation Date). A Calculation Period shall relate to an Interest Period, a Calculation Date or Interest Payment Date (and be the "**related Calculation Period**" in respect of such Interest Period, a Calculation Date or Interest Payment Date) where such Calculation Period runs to (and includes) the last day in the calendar month immediately preceding the Calculation Date which relates to the Interest Payment Date in respect of such Interest Period;

"**Call Option Price**" means the amount which will ensure that the Issuer has on the relevant Interest Payment Date sufficient funds to redeem the Notes at their Principal Amount Outstanding plus accrued but unpaid interest up to, but excluding, the date of redemption in accordance with Condition 9.3 (*Optional Redemption in whole*), for the avoidance of doubt also accounting for the amounts of Available Revenue and Available Principal already held by the Issuer in the Issuer Accounts on the relevant Interest Payment Date, and pay any amounts payable in priority to the Notes or *pari passu* therewith under the Payments Priorities;

"**Capitalised Arrears**" means, in relation to a Mortgage Loan, at any date, amounts of interest (excluding Arrears of Interest) which are overdue in respect of that Mortgage Loan and which as at that date have been added to the principal balance in respect of such Mortgage Loan in accordance with the Mortgage Terms or otherwise at the discretion of the Seller, acting in accordance with any applicable regulatory obligations;

"**Cash Management Agreement**" means the cash management agreement so named entered into on or about the Closing Date between the Cash Manager, the Issuer, the Trustee and the Seller;

"**Cash Manager**" means BOIUK in its capacity as Cash Manager or any successor Cash Manager appointed in accordance with the terms of the Cash Management Agreement;

"**Charged Property**" means all the property of the Issuer which is subject to the Security;

"**Class A Noteholders**" means the persons who for the time being are holders of the Class A Notes;

"**Class A Principal Deficiency Sub-Ledger**" means the sub-ledger of the Principal Deficiency Ledger relating to the Class A Notes;

"**Class Z Noteholders**" means the persons who for the time being are holders of the Class Z Notes;

"**Class Z Principal Deficiency Sub-Ledger**" means the sub-ledger of the Principal Deficiency Ledger relating to the Class Z Notes;

"**Clearstream, Luxembourg**" means Clearstream Banking, S.A., and any successor to such business;

"**Closing Date**" means the date on which the Notes are to be or, as the case may be, have been issued which shall be 14 November 2023, or such other date as the Issuer and the Arranger may agree;

"**Collection Account Declaration of Trust**" means the declaration of trust dated on or about the Closing Date in relation to the collection accounts and certain trust interests referred to therein and any subsequent declaration of trust so named, each being made by GovCo UK and/or BOIUK (as applicable);

"**Compounded Daily SONIA**" means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{SONIA}_{i-5\text{LBD}} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**d** is the number of calendar days in the relevant Interest Period;

**d<sub>0</sub>** is the number of London Banking Days in the relevant Interest Period;

**i** is a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Period;

"**n<sub>i</sub>**" for any day "i", means the number of calendar days from and including such day "i" up to but excluding the following London Banking Day;

"**Conditions**" means the terms and conditions of the Notes in, or substantially in, the form set out in Schedule 3 (*Terms and Conditions*) of the Trust Deed, as any of the same may from time to time be modified in accordance with the Trust Deed and any reference to a particular numbered Condition shall be construed accordingly;

"**Corporate Services Agreement**" means the agreement so named dated on or about the Closing Date between the Corporate Services Provider, the Share Trustee, Holdings, the Issuer and the Seller;

"**Corporate Services Provider**" means CSC Capital Markets UK Limited (registered number 10780001), a private limited company incorporated under the laws of England and Wales, whose registered office is 10th Floor, 5 Churchill Place, London, England, E14 5HU or such other person or persons for the time being acting as corporate services provider to the Issuer under the Corporate Services Agreement;

"**Credit Support Annex**" means any credit support annex executed in accordance with the provisions of the Fixed Rate Swap Agreement;

"**Day Count Fraction**" means, in respect of an Interest Period, the actual number of days in such period divided by 365;

"**DBRS**" means DBRS Ratings Limited and includes any successor to its rating business;

"**Deed of Charge**" means the deed so named entered into on or about the Closing Date between the Issuer and the Trustee, and any document expressed to be supplemental to the Deed of Charge;

"**Deferred Interest**" has the meaning ascribed to it in Condition 8.11 (*Interest Deferred*);

"**Definitive Notes**" has the meaning ascribed to it in Condition 3.3;

"**Early Repayment Charges**" means any charges which a Borrower is required to pay in the event that the Borrower repays all or any part of the relevant Mortgage Loan before a specified date in the Mortgage Terms (for the avoidance of doubt, excluding the principal amount to be repaid and any Accrued Interest payable in respect of such Mortgage Loans);

"**Enforcement Notice**" means a notice issued by the Trustee to the Issuer declaring the Notes to be due and repayable pursuant to Condition 13 (*Events of Default*);

"**Euroclear**" means Euroclear Bank S.A./N.V. and any successor to such business;

"**EUWA**" means the European Union (Withdrawal) Act 2018 (as amended by the EU (Withdrawal Agreement) Act 2020);

"**EU CRA Regulation**" means Regulation (EC) No. 1060/2009;

"**EU CRR**" means Regulation (EU) No. 575/2013;

"**EU Solvency II Regulation**" means Commission Delegated Regulation (EU) No 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of business of Insurance and Reinsurance (Solvency II), as amended;

"**Event of Default**" means any one of the events specified in Condition 13 (*Events of Default*);

"**Exchange Date**" means the first day following the expiry of forty days after the Closing Date;

"**Extraordinary Resolution**" means: (a) 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 three quarters of the votes cast; or (b) a Written Resolution;

"**Final Discharge Date**" means the date on which the Trustee notifies the Issuer and the Secured Creditors that it is satisfied that all the Secured Amounts have been paid or discharged in full;

"**Final Maturity Date**" means the Interest Payment Date falling in July 2065;

"**First Interest Payment Date**" means the Interest Payment Date falling in April 2024;

"**Fitch**" means Fitch Ratings Ltd and includes any successor to its rating business;

"**Fixed Rate Swap**" means a fixed rate – SONIA swap entered into pursuant to the Fixed Rate Swap Agreement;

"**Fixed Rate Swap Agreement**" means the agreement in the form of a 1992 ISDA Master Agreement (including a schedule thereto, a Credit Support Annex and one or more confirmations) dated on or about the Closing Date between the Issuer and the Fixed Rate Swap Provider (as the same may be amended, restated, supplemented, replaced and/or novated from time to time);

"**Fixed Rate Swap Provider**" means Bank of Ireland (UK) plc in its capacity as fixed rate swap provider pursuant to the Fixed Rate Swap Agreement, and any replacement thereto in such capacity;

"**Further Advance**" means, in relation to a Mortgage Loan, any advance of further money following the making of the Initial Advance to a Borrower which is secured by the same Mortgage as the Initial Advance, but does not include the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage;

"**Further Advance Consideration**" means the consideration paid by the Issuer to the Seller for any Further Advance, being an amount equal to the principal amount of the Further Advance as at the Advance Date;



**"General Reserve Fund"** means the reserve fund established on the Closing Date by the Issuer which will be initially funded by a drawing under the Subordinated Loan up to the General Reserve Fund Required Amount and which will subsequently be funded on each Interest Payment Date from Available Revenue in accordance with the Pre-Enforcement Revenue Payments Priorities;

**"General Reserve Fund Minimum Required Amount"** means an amount equal £383,056 (being an amount equal to 0.1 per cent. of the Principal Balance of the Mortgage Loans in the Mortgage Portfolio on the Initial Mortgage Portfolio Cut-Off Date);

**"General Reserve Fund Required Amount"** means (a) on the Closing Date an amount equal to £5,250,000 (being an amount equal to 1.5 per cent. of the Principal Amount Outstanding of the Class A Notes as at the Closing Date), (b) on each Calculation Date, an amount equal to the greater of (i) 1.5 per cent. of the Principal Amount Outstanding of the Class A Notes on such date prior to deducting any repayments to be made on the related Interest Payment Date and (ii) the General Reserve Fund Minimum Required Amount and (c) zero on any date on or after the Class A Notes are fully repaid;

**"General Reserve Release Conditions"** means each of the following conditions as at the related Calculation Date:

- (a) no Event of Default has occurred which is continuing;
- (b) the amount standing to the debit of the Class A Principal Deficiency Sub-Ledger is zero;
- (c) the aggregate Principal Balances of all Mortgage Loans in the Mortgage Portfolio that are three or more months in arrears on such date is less than 3 per cent. of the aggregate Principal Balances of the Mortgage Loans on such date; and
- (d) the aggregate Principal Losses in respect of the Mortgage Portfolio are equal to or less than 1 per cent. of the total Principal Balance of the Mortgage Portfolio on the Initial Mortgage Portfolio Cut-Off Date;

**"Global Note"** has the meaning ascribed to it in Condition 3.2;

**"holder"** means the registered holder of a Note as entered in the Register in respect of that Note and the words **"holders"** and related expressions shall (where appropriate) be construed accordingly;

**"Holdings"** means Bowbell No.3 Holdings Limited (registered number 15147362), a private limited company incorporated under the laws of England and Wales, whose registered office is at 10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU;

**"Incorporated Terms Memorandum"** means the memorandum so named dated on or about the Closing Date and signed for the purpose of identification by each of the Transaction Parties;

**"Initial Advance"** means in relation to a Mortgage Loan, the original principal amount advanced to the relevant Borrower, including the amount of any retention advanced to the relevant Borrower after completion of the Mortgage and does not include any: (a) Further Advance; or (b) Early Repayment Charge;

**"Insolvency Event"** in respect of a company means:

- (a) such company is unable or admits its inability to pay its debts as they fall due (after taking into account any grace period or permitted deferral), or suspends making payments on any of its debts; or
- (b) the value of the assets of such company is less than the amount of its liabilities, taking into account its contingent and prospective liabilities; or
- (c) the company takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or a moratorium is declared in respect of any of its indebtedness; or

- (d) the commencement of negotiations with one or more creditors of such company with a view to rescheduling any indebtedness of such company other than in connection with any refinancing in the ordinary course of business; or
- (e) any corporate action, legal proceedings or other procedure or step is taken in relation to:
  - (i) the appointment of an Insolvency Official in relation to such company or in relation to the whole or any part of the undertaking or assets of such company; or
  - (ii) an encumbrancer or other security holder (excluding, in relation to the Issuer, the Trustee or any Receiver) taking possession of (or otherwise enforcing any Security over) the whole or any part of the undertaking or assets of such company; or
  - (iii) the making of an arrangement, composition, or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditor of such company, a reorganisation of such company, a conveyance to or assignment for the creditors of such company generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally other than in connection with any refinancing in the ordinary course of business; or
  - (iv) any distress, execution, diligence, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of such company (excluding, in relation to the Issuer, by the Trustee or any Receiver); or
- (f) an order being made or an effective resolution being passed for the winding-up of the company except, in the case of the Issuer, a winding-up for the purposes of or pursuant to an amalgamation, restructuring or merger the terms of which have been previously approved by the Trustee in writing or by an Extraordinary Resolution of the holders of the Most Senior Class; or
- (g) any procedure or step is taken, or any event occurs, analogous to those set out in (a) - (f) above, in any jurisdiction;

**"Insolvency Official"** means, in relation to a company, a liquidator (except, in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class), provisional liquidator, administrator, administrative receiver, receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction;

**"Interest Amount"** means in respect of a Note for any Interest Period the amount of interest calculated on the related Interest Determination Date in respect of such Note for such Interest Period by:

- (a) multiplying the Principal Amount Outstanding of such Note on such Interest Determination Date by the relevant Note Rate; and
- (b) then multiplying the amount so calculated in paragraph (a) by the relevant Day Count Fraction and rounding the resultant figure down to the nearest one penny;

**"Interest Determination Date"** means the third London Banking Day prior to the end of each Interest Period (and such date shall be the **"related Interest Determination Date"** in respect of such Interest Period);

**"Interest Determination Ratio"** means: (i) the aggregate Revenue set out in the three preceding Servicer Reports (or such smaller number of preceding Servicer Reports as may be available on the date the Interest Determination Ratio is calculated); divided by (ii) the aggregate of the Net Revenue and the Principal Receipts set out in such Servicer Reports;

**"Interest Payment Date"** means the 16<sup>th</sup> day of July, October, January and April in each year commencing on the First Interest Payment Date, provided that if any such day is not a Business Day, the Interest Payment Date shall be the immediately succeeding Business Day;

**"Interest Period"** means the period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date (except in the case of the first Interest Period, where it shall be the period from (and including) the Closing Date to (but excluding) the First Interest Payment Date);

**"Issuer"** means Bowbell No.3 PLC (registered number 15147978), a public limited company incorporated under the laws of England and Wales, whose registered office is at 10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU;

**"Issuer Covenants"** means the covenants of the Issuer set out in Schedule 7 (*Issuer Covenants*) of the Trust Deed;

**"Issuer Jurisdiction"** means England and Wales (and the United Kingdom, for tax purposes) or such other jurisdiction in which the Issuer or any Substituted Obligor (as contemplated by Condition 21 (*Substitution of Issuer*)) is incorporated and/or subject to taxation;

**"Issuer Profit Amount"** means for the first accounting reference period of the Issuer, determined in accordance with Chapter 3, Part 15 Companies Act 2006, an aggregate of £1,200 in equal instalments on each Interest Payment Date falling within that accounting reference period, and £250 on each Interest Payment Date thereafter in each case to be credited to Issuer Profit Ledger of the Transaction Account and to be retained by the Issuer as profit in respect of the business of the Issuer;

**"Issuer Profit Ledger"** means the ledger of the Transaction Account so named in the books of the Issuer and maintained by the Cash Manager on behalf of the Issuer;

**"Joint Lead Managers"** means Banco Santander, S.A. and BofA Securities;

**"Liabilities"** means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including, without limitation, properly incurred legal fees and expenses and any Taxes and penalties incurred by that person;

**"London Banking Day"** or **"LBD"** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**"London Stock Exchange"** means the London Stock Exchange plc;

**"Meeting"** means a meeting of Noteholders of any class or classes (whether originally convened or resumed following an adjournment);

**"Minimum Denomination"** means £100,000;

**"Moody's"** means Moody's Investors Service Limited and includes any successor to its rating business;

**"Mortgage"** means a first charge by way of legal mortgage governed by English law and secured over a Property situated in England or Wales;

**"Mortgage Conditions"** or **"Mortgage Terms"** means the terms and conditions applicable to a Mortgage Loan, as contained in the Seller's residential mortgage conditions booklet for England and Wales as applicable from time to time;

**"Mortgage Loan"** means a residential mortgage loan governed by English law, secured by one or more Mortgages and other Related Security, and any Further Advances made relating to the same Property and Borrower secured by the same Mortgage and Related Security in the Mortgage Portfolio;

**"Mortgage Portfolio"** means the portfolio of Mortgage Loans, Further Advances, Mortgages and other Related Security and all rights, interest, benefit, income and payments in relation thereto sold by the Seller to the Issuer on the Closing Date and on each relevant Advance Date pursuant to the Mortgage

Sale Agreement, but excluding from time to time (for the avoidance of doubt) each Mortgage Loan and its Related Security which is repurchased by the Seller pursuant to the Mortgage Sale Agreement;

**"Most Senior Class"** means:

- (a) the Class A Notes whilst they remain outstanding; and
- (b) when no Class A Notes remain outstanding, the Class Z Notes;

**"Net Revenue"** means, for each Interest Payment Date, the aggregate Revenue Receipts collected during the related Calculation Period *less* amounts collected during the related Calculation Period which are Third Party Amounts;

**"Note Principal Payment"** means, on any Interest Payment Date:

- (a) in the case of each Class A Note, an amount equal to the lesser of the amount of Available Principal available to be applied in or towards redeeming the Class A Notes in accordance with the Pre-Enforcement Principal Payments Priorities and the Principal Amount Outstanding of the Class A Notes, each determined as at the related Calculation Date, multiplied by the quotient of the Minimum Denomination and the Principal Amount Outstanding of the Class A Notes; and
- (b) in the case of each Class Z Note, an amount equal to the lesser of the Available Principal available to be applied in or towards redeeming the Class Z Notes in accordance with the Pre-Enforcement Principal Payments Priorities and the Principal Amount Outstanding of the Class Z Notes, each determined as at the related Calculation Date, multiplied by the quotient of the Minimum Denomination and the Principal Amount Outstanding of the Class Z Notes,

in each case rounded down, if necessary, to the nearest one penny;

**"Note Rate"** for each Interest Period means in respect of each class of Notes, Compounded Daily SONIA determined as at the related Interest Determination Date in respect of the relevant Interest Period plus the Relevant Margin in respect of such class, provided that the Note Rate shall at all times be greater than or equal to zero;

**"Noteholders"** means the Class A Noteholders and the Class Z Noteholders or, where the context otherwise requires, the holders of Notes of a particular class or classes;

**"Notes"** means the Class A Notes and the Class Z Notes and **"Note"** means any of them;

**"Notices Condition"** means Condition 22 (*Notices*);

**"Notices Details"** means the provisions set out in Schedule 3 (*Notices Details*) of the Incorporated Terms Memorandum;

**"Observation Period"** means the period from and including the date falling five London Banking Days prior to the first day of the relevant Interest Period and ending on, but excluding, the date falling five London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling five London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

**"Offer Conditions"** means the terms and conditions applicable to a specified Mortgage Loan as set out in the relevant offer letter to the Borrower;

**"outstanding"** means, in relation to the Notes, all the Notes other than:

- (a) those which have been redeemed in full and cancelled in accordance with the Conditions;
- (b) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to the Trustee or the Principal Paying Agent in the manner provided for in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with the Notices Condition) and remain available for payment in accordance with the Conditions;

- (c) those which have been purchased and cancelled, (including Notes surrendered for cancellation), as provided in Condition 9.12 (*Cancellation of purchased or redeemed Notes*) and notice of the cancellation of which has been given to the Trustee;
- (d) those which have become void under the Conditions;
- (e) those mutilated or defaced Notes which have been surrendered or cancelled and those Notes which are alleged to have been lost, stolen or destroyed, in each case in respect of which replacement Notes have been issued pursuant to the Conditions; and
- (f) any Global Note, to the extent that it shall have been exchanged for Definitive Notes pursuant to the provisions contained therein and the Conditions;

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of Noteholders;
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Clause 15 (*Waiver*), Clause 16 (*Modifications*), Clause 20 (*Proceedings and Actions by the Trustee*), Clause 29 (*Appointment of Trustees*) and Clause 30 (*Notice of New Trustee*) of the Trust Deed and Condition 13 (*Events of Default*), Condition 14 (*Enforcement*) and Condition 16 (*Meetings of Noteholders*) and the Provisions for Meetings of Noteholders; and
- (iii) any discretion, power or authority, whether contained in the Trust Deed or provided by law, which the Trustee is required to exercise in or by reference to the interests of the Noteholders or any of them,

those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Seller, the Issuer, any holding company of the Seller or the Issuer or any other subsidiary of such holding company or of the Seller (the "**Relevant Persons**"), in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except where all of the Notes of any class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such class of Notes (the "**Relevant Class of Notes**") shall be deemed to remain outstanding except that, if there is any other class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such class, then the Relevant Class of Notes shall be deemed not to remain outstanding;

"**Overpayment**" means, in relation to a payment by a Borrower in an amount greater than the scheduled monthly payment then due on the relevant Mortgage Loan, or a one-off payment by a Borrower of amounts in respect of principal not then due and payable in respect of such Mortgage Loan, the amount by which such payment exceeds the scheduled monthly payments then due in respect of such Mortgage Loan;

"**Paying Agents**" means the principal paying agent and the paying agents named in the Agency Agreement together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Agency Agreement;

"**Payments Priorities**" means the Pre-Enforcement Payments Priorities and the Post-Enforcement Payments Priorities;

"**Post-Enforcement Amounts**" means all amounts other than Swap Excluded Receipts and Third Party Amounts received or recovered in respect of the Charged Property, such amounts (including, for the avoidance of doubt, amounts received on enforcement or realisation of the Security);

"**Post-Enforcement Payments Priorities**" means the provisions relating to the order of priority of payments from the Transaction Account, set out in Clause 15.1 (*Post-Enforcement Payments Priorities*) of the Deed of Charge;

"**Post Step-Up Date Mortgage Portfolio Repurchase**" means the repurchase of all of the Mortgage Loans by the Seller pursuant to Clause 7.1 of the Mortgage Sale Agreement;

**"Potential Event of Default"** means any event which may become (with the passage of time, the giving of notice, the making of any determination or any combination thereof) an Event of Default;

**"Pre-Enforcement Principal Payments Priorities"** means the provisions relating to the order of priority of payments from the Principal Ledger set out in Part B of Schedule 4 (*Payments Priorities*) of the Cash Management Agreement;

**"Pre-Enforcement Revenue Payments Priorities"** means the provisions relating to the order of priority of payments from the Revenue Ledger set out in Part A of Schedule 4 (*Payments Priorities*) of the Cash Management Agreement;

**"Pre-Enforcement Payments Priorities"** means the Pre-Enforcement Revenue Payments Priorities and the Pre-Enforcement Principal Payments Priorities;

**"Principal Amount Outstanding"** means, on any day:

- (a) in relation to a Note, the principal amount outstanding of that Note as at the Closing Date, less the aggregate of any principal payments in respect of that Note which have been paid on or prior to that day; and
- (b) in relation to a class, the aggregate of the amount in (a) in respect of all Notes outstanding in such class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of class;

**"Principal Balance"** means, in respect of a Mortgage Loan on any date (the "**determination date**"), the aggregate balance of the Mortgage Loan on such date which shall comprise the following (without double counting):

- (a) the Initial Advance;
  - (b) each Further Advance; and
  - (c) Capitalised Arrears;
- less
- (d) any prepayment, repayment or payment of the foregoing made on or prior to the determination date;

**"Principal Deficiency Ledger"** means the principal deficiency ledger comprising the Class A Principal Deficiency Sub-Ledger and the Class Z Principal Deficiency Sub-Ledger maintained by the Cash Manager on behalf of the Issuer which records on it all deficiencies arising from (i) Principal Losses allocated to the Notes, and (ii) any Available Principal used to pay a Remaining Revenue Shortfall;

**"Principal Ledger"** means the ledger in the books of the Issuer so named and maintained by the Cash Manager on behalf of the Issuer;

**"Principal Losses"** means any losses arising in relation to a Mortgage Loan (including any Set-Off Losses);

**"Principal Paying Agent"** means Elavon Financial Services DAC, U.K. Branch in its capacity as principal paying agent in accordance with the terms of the Agency Agreement or any successor appointed from time to time in connection with the Notes under the Agency Agreement;

**"Principal Receipts"** means:

- (a) any payment in respect of principal received in respect of any Mortgage Loan (including payments of arrears of principal, Capitalised Arrears and Overpayments);
- (b) any payment received in respect of any claim under an Insurance Policy in respect of a Property in connection with a Mortgage Loan;

- (c) recoveries of principal on redemption (including partial redemption) of any Mortgage Loan;
- (d) recoveries of principal from defaulting Borrowers on enforcement of any Mortgage Loan (including deriving from the proceeds of sale of the relevant Property);
- (e) the principal component of any Repurchase Price; and
- (f) any other payments received in respect of the Mortgage Portfolio which are not classified as Revenue Receipts (other than Retained Fees);

**"Property"** means a freehold, leasehold or commonhold which is subject to a Mortgage;

**"Provisions for Meetings of Noteholders"** means the provisions contained in Schedule 4 (*Provisions for Meeting of Noteholders*) of the Trust Deed;

**"Prudent Mortgage Lender"** means a reasonably prudent residential mortgage lender lending to borrowers in England and Wales who generally satisfy the lending criteria of traditional sources of residential mortgage capital;

**"Rating Agencies"** means Fitch, Moody's and DBRS and **"Rating Agency"** means either one of them;

**"Repurchase Price"** means, in relation to a repurchase of a Mortgage Loan, an amount equal to the Principal Balance plus Accrued Interest and all Arrears of Interest in relation to such Mortgage Loan at the close of business on the Business Day preceding the date of completion of such repurchase less, in the case of a Further Advance Mortgage Loan, any Further Advance Consideration not received from the Issuer by the Seller in respect of a Further Advance, plus reasonable fees and expenses payable thereon to the date of repurchase or, in the case of a Post Step-Up Date Mortgage Portfolio Repurchase, an amount equal to the Call Option Price;

**"Receiver"** means any receiver, manager, receiver or manager or administrative receiver appointed in respect of the Issuer by the Trustee in accordance with Clause 17 (*Appointment and Removal of Administrator and Receiver*) of the Deed of Charge;

**"Reconciliation Amount"** means in respect of a Determination Period: (i) the actual Principal Receipts as determined in accordance with the available Servicer Reports; less (ii) the Principal Receipts in respect of such Determination Period, determined in accordance with Condition 8.12(b)(iii) (*Determinations and Reconciliation*);

**"Record Date"** shall have the meaning in Condition 11.3 (*Record Date*);

**"Redemption Fee"** means the standard redemption fee charged to the Borrower by the Seller where the Borrower makes a repayment of the full outstanding principal of a Mortgage Loan;

**"Register"** means the register on which the names and addresses of the holders of the Notes and the particulars of the Notes shall be entered and kept by the Issuer at the Specified Office of the Registrar;

**"Registered Land Transfers"** means a transfer of legal title to a Mortgage Loan and/or Mortgage made or to be made pursuant to Clause 10.2 (*Perfection Acts*) of the Mortgage Sale Agreement;

**"Registrar"** means the party responsible for the registration of the Notes, which at the Closing Date is Elavon Financial Services DAC, UK Branch acting in such capacity pursuant to the Agency Agreement;

**"Related Security"** means, in relation to a Mortgage Loan, the security granted for the repayment of that Mortgage Loan by the relevant Borrower including the relevant Mortgage and all other matters applicable thereto;

**"Relevant Margin"** means in respect of an Interest Period:

- (a) for the Class A Notes, 0.58 per cent. per annum for each Interest Period up to and excluding the Interest Period commencing on the Step-Up Date and thereafter 0.87 per cent. per annum; and
- (b) for the Class Z Notes, 0 per cent. per annum for each Interest Period;

**"Remaining Revenue Shortfall"** means for each Calculation Date, the extent, if any, by which Available Revenue (excluding for these purposes the amount referred to in paragraph (j) in the definition thereof) is insufficient to pay items (a) to (f) of the Pre-Enforcement Revenue Payments Priorities in full;

**"Replacement Swap Premium"** means any amount to be paid by the Issuer to a replacement swap provider, or received by the Issuer from a replacement swap provider upon entry by the Issuer into an agreement with such replacement swap provider to replace the Fixed Rate Swap;

**"Reserved Matter"** means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Notes of any class, to change the amount of principal or interest due on any date in respect of the Notes of any class or to alter the method of calculating the amount of any payment in respect of the Notes of any class (other than any Base Rate Modification (as defined in Condition 17.2(g)));
- (b) (except in accordance with Condition 21 (*Substitution of Issuer*) and Clause 18 (*Substitution*) of the Trust Deed) to effect the exchange, conversion or substitution of the Notes of any class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed and/or for cash;
- (c) to change the currency in which amounts due in respect of the Notes of any class are payable;
- (d) to alter the priority of payment of interest or principal in respect of the Notes of any Class;
- (e) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution; or
- (f) to amend this definition;

**"Revenue Ledger"** means the ledger in the books of the Issuer so named and maintained by the Cash Manager on behalf of the Issuer;

**"Revenue Receipts"** means payments received into the Collection Accounts in respect of the Mortgage Portfolio representing:

- (a) payments of interest on the Mortgage Loans (including amounts derived from Arrears of Interest and Accrued Interest but excluding Capitalised Arrears, if any) and Third Party Amounts due from time to time under the Mortgage Loans;
- (b) recoveries of interest (excluding Capitalised Arrears, if any) from defaulting Borrowers under Mortgage Loans being enforced;
- (c) recoveries of interest and principal (excluding Capitalised Arrears, if any) from defaulting Borrowers under Mortgage Loans after the completion of any Enforcement Procedures in respect of any such Mortgage Loan and its Related Security and the distribution of proceeds of such enforcements net of any fees payable to any third party collection agency employed by the Servicer to recover shortfalls in respect of a Mortgage Loan following completion of Enforcement Procedures in respect of that Mortgage Loan and its Related Security; and
- (d) such proportion of each Repurchase Price as is attributable to Accrued Interest, Arrears of Interest and other interest amounts in respect of the Mortgage Loans (excluding, for the avoidance of doubt, Capitalised Arrears, if any),

but excluding in each case any Retained Fees.

**"Revenue Shortfall"** means for each Calculation Date, the amount, if any, by which Available Revenue (excluding for these purposes any amounts referred to paragraphs (i) and (j) in the definition thereof) is insufficient to pay items (a) to (g) of the Pre-Enforcement Revenue Payments Priorities in full;

**"Revenue Surplus"** means for each Calculation Date, the amount, if any, by which Available Revenue exceeds the aggregate amounts payable by the Issuer on the related Interest Payment Date, if such



Interest Payment Date is on or following the Step-Up Date, under items (a) to (j) (inclusive) of the Pre-Enforcement Revenue Payments Priorities;

**"Revenue Surplus Ledger"** means the ledger maintained by the Cash Manager on behalf of the Issuer which records on it as a debit all Revenue Surplus equal to the Revenue Surplus Required Amount;

**"Revenue Surplus Required Amount"** means:

- (a) for so long as the Class A Notes are outstanding on such date, the lower of (i) the Principal Amount Outstanding of the Class A Notes (taking into account any repayment of such Class A Notes on such date) and (ii) the Revenue Surplus; or
- (b) if no Class A Notes are outstanding on such date, zero;

**"Screen Page"** means Bloomberg Screen SONIA page; or

- (a) such other page as may replace Bloomberg Screen SONIA page on the service for the purpose of displaying such information; or
- (b) if that service ceases to display such information, such page as displays such information on such service as may replace such screen;

**"Secured Amounts"** means any and all of the monies and liabilities which the Issuer covenants to pay or discharge under the Deed of Charge and all other amounts owed by it to each of the Secured Creditors under and pursuant to the relevant Transaction Documents;

**"Secured Creditors"** means the Trustee (in its own capacity and as trustee on behalf of the following creditors of the Issuer), the Corporate Services Provider, the Account Bank, the Servicer, the Cash Manager, the Back-Up Servicer Facilitator, the Seller, the Noteholders, any Receiver or appointee appointed by the Trustee, the Agent Bank, the Paying Agents, the Transfer Agent, the Registrar, the Fixed Rate Swap Provider and the Subordinated Loan Provider;

**"Security"** means the security granted by the Issuer to the Trustee under and pursuant to the Deed of Charge for the benefit of the Secured Creditors;

**"Seller"** means BOIUK acting in its capacity as seller of the Mortgage Loans and their Related Security;

**"Seller Power of Attorney"** means the power of attorney granted by the Seller in favour of the Issuer and the Trustee and any delegate thereof contained in the Mortgage Sale Agreement;

**"Servicer"** means BOIUK in its capacity as servicer pursuant to the Servicing Agreement or such other person as may from time to time be appointed as replacement servicer of the Mortgage Loans;

**"Servicer Report"** means a report to be provided by the Servicer in respect of each Calculation Period in accordance with the terms of the Servicing Agreement;

**"Servicer Report Failure Event"** means, in relation to an Interest Payment Date, any occasion where the Servicer has failed to deliver a Servicer Report in relation to any of the preceding Calculation Periods in accordance with the Servicing Agreement and such failure is continuing on the related Calculation Date;

**"Servicing Agreement"** means the agreement so named dated on or about the Closing Date between, among others, the Issuer, the Servicer, the Seller, the Trustee and the Back-Up Servicer Facilitator;

**"Set-Off Losses"** means any reduction in Principal Receipts as a result of Borrowers exercising set-off rights against the Seller.

**"Share Trust Deed"** means the declaration of trust dated 2 October 2023 pursuant to which the Share Trustee holds the beneficial interest in the entire issued share capital of Holdings on discretionary trust;

**"Share Trustee"** means CSC Corporate Services (UK) Limited (registered number 10831084), a company incorporated under the laws of England and Wales, whose principal office is at 10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU;

"**SONIA**" means the Sterling Overnight Index Average;

"**SONIA Reference Rate**" in respect of any London Banking Day, is a reference rate equal to the daily SONIA rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Screen Page or, if the Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day);

"**SONIA<sub>i-5LBD</sub>**" means, in respect of any London Banking Day "i" falling in the relevant Interest Period, the SONIA Reference Rate for the London Banking Day during the related Observation Period falling five London Banking Days prior to that London Banking Day "i";

"**Specified Office**" means, in relation to any Agent:

- (a) the office specified against its name in the Notices Details; or
- (b) such other office as such Agent may specify in accordance with Clause 13.8 (*Changes in Specified Offices*) of the Agency Agreement;

"**SPV Criteria**" means the criteria established from time to time by the Rating Agencies for a single purpose company in the relevant Issuer Jurisdiction;

"**Step-Up Date**" means the Interest Payment Date falling in April 2028;

"**Sterling**" and "**£**" denote the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;

"**Subordinated Loan**" means the subordinated loan made by the Subordinated Loan Provider to the Issuer pursuant to the Subordinated Loan Agreement;

"**Subordinated Loan Agreement**" means the subordinated loan agreement so named dated on or about the Closing Date between the Issuer, the Subordinated Loan Provider and the Trustee;

"**Subordinated Loan Provider**" means BOIUK in its capacity as subordinated loan provider pursuant to the Subordinated Loan Agreement;

"**Substituted Obligor**" means a single purpose company that meets the SPV Criteria;

"**Swap Collateral**" means any cash or securities (and any interest, distributions and/or liquidation proceeds thereon (as applicable)) transferred by the Fixed Rate Swap Provider to the Issuer on any date pursuant to the terms of the Credit Support Annex to the Fixed Rate Swap Agreement that has not been returned to the Fixed Rate Swap Provider pursuant to the terms of the Fixed Rate Swap Agreement;

"**Swap Excluded Receipts**" means:

- (a) Swap Tax Credits;
- (b) Swap Collateral;
- (c) Replacement Swap Premium, to the extent required to make any payment due to the Fixed Rate Swap Provider in respect of an Early Termination Date (as defined in the Fixed Rate Swap Agreement) designated under the Fixed Rate Swap Agreement; and
- (d) any payment received from the Fixed Rate Swap Provider in respect of an Early Termination Date (as defined in the Fixed Rate Swap Agreement) designated under the Fixed Rate Swap Agreement (whether such payment is received by way of payment of cash or by applying Swap Collateral to discharge the early termination payment in respect of any Early Termination Date), to the extent such payment is required to pay a replacement swap provider to enter into a replacement swap;

"**Swap Tax Credits**" means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to

an increased payment by the Fixed Rate Swap Provider to the Issuer or a reduced payment from the Issuer to the Fixed Rate Swap Provider;

"**Tax**" shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same, but excluding taxes on net income) imposed or levied by or on behalf of any Tax Authority and "**Taxes**", "**taxation**", "**taxable**" and comparable expressions shall be construed accordingly;

"**Tax Authority**" means any government, state or municipality or any local, state, federal or other authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function (including, without limitation, His Majesty's Revenue and Customs);

"**Tax Deduction**" means any deduction or withholding for or on account of Tax;

"**Transaction Account**" means the account in the name of the Issuer held with the Account Bank or any replacement bank account designated as such;

"**Transaction Documents**" means the Agency Agreement, Cash Management Agreement, Corporate Services Agreement, Collection Account Declaration of Trust, Deed of Charge, Fixed Rate Swap Agreement, Account Bank Agreement, Incorporated Terms Memorandum, Mortgage Sale Agreement, each of the Transfers, Seller Power of Attorney, Servicing Agreement, the Share Trust Deed, Subordinated Loan Agreement, Trust Deed (including the Conditions), the Notes and such other related documents which are referred to or relate to the terms of the above documents or which relate to the issue of the Notes or are designated as a "**Transaction Document**";

"**Transaction Party**" means any person who is a party to a Transaction Document (not including any Noteholder) and "**Transaction Parties**" means some or all of them;

"**Transfers**" means the Registered Land Transfers, the Unregistered Land Transfers, or such as are applicable;

"**Transfer Agent**" means Elavon Financial Services DAC acting as transfer agent pursuant to the Agency Agreement;

"**Trust Deed**" means the deed so named (including the Conditions and the form of the Notes) dated on or about the Closing Date between the Issuer and the Trustee constituting the Notes and any document expressed to be supplemental to the Trust Deed;

"**Trust Documents**" means the Trust Deed and the Deed of Charge and (unless the context requires otherwise) includes any deed or other document executed in accordance with or pursuant to the provisions of the Trust Deed, or the Deed of Charge (as applicable);

"**Trustee**" means U.S. Bank Trustees Limited, whose registered office is at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR and acting in its capacity as Trustee under the terms of the Trust Documents, or such other person as may from time to time be appointed as Trustee (or co-trustee) pursuant to the Trust Documents;

"**Unregistered Land Transfers**" means the transfers made or to be made pursuant to Clause 10.2 (*Perfection Acts*) of the Mortgage Sale Agreement substantially in the form set out in Schedule 2 (*Forms of Transfer*) to the Mortgage Sale Agreement;

"**UK CRA Regulation**" means Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA;

"**UK CRR**" means Regulation (EU) No. 575/2013 as it forms part of UK domestic law by virtue of the EUWA;

"**UK Solvency II Regulation**" means Commission Delegated Regulation (EU) No 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of business of Insurance and Reinsurance (Solvency II), as amended, as it forms part of the UK domestic law by virtue of EUWA;

**"Valuation Report"** means the valuation report or reports for mortgage purposes, obtained by the Seller from a valuer in respect of each Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a Prudent Mortgage Lender and which has been approved by the relevant officers of the Seller; and

**"Written Resolution"** means a resolution in writing signed by or on behalf of holders of 100% of the Principal Amount Outstanding of Notes of the relevant Class, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

2.2 **Interpretation:** Any reference in the Conditions to:

**"continuing"**, in respect of an Event of Default, shall be construed as a reference to an Event of Default which has not been waived or remedied in accordance with the terms of the Conditions or, as the case may be, the relevant Transaction Document;

a **"class"** or **"Class"** shall be a reference to a class of the Notes being each or any of the Class A Notes or the Class Z Notes and **"classes"** shall be construed accordingly;

**"including"** shall be construed as **"including without limitation"**, so that any list of items or matters appearing after the word **"including"** shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word **"including"**;

**"indebtedness"** shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a **"law"** shall be construed as any law (including common or customary law), statute, constitution, decree, judgment, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court;

a **"person"** shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;

**"principal"** shall, where applicable, include premium;

**"redeem"** and **"pay"** shall each include both of the others and **"redeemed"**, **"redeemable"** and **"redemption"** and **"paid"**, **"payable"** and **"payment"** shall be construed accordingly;

a reference to any person defined as a **"Transaction Party"** in the Conditions shall be construed so as to include its and any subsequent successors and permitted transferees in accordance with their respective interests; and

a **"successor"** of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

2.3 **Transaction Documents and other agreements:** Any reference to any document defined as a Transaction Document or any other agreement or document shall be construed as a reference to such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated, supplemented or replaced.

2.4 **Statutes and Treaties:** Any reference to a statute or treaty shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted.

2.5 **Schedules:** Any Schedule of, or Appendix to a Transaction Document forms part of such Transaction Document and shall have the same force and effect as if the provisions of such Schedule or Appendix were set out in the body of such Transaction Document. Any reference to a Transaction Document shall include any such Schedule or Appendix.

- 2.6 **Headings:** Condition headings are for ease of reference only.
- 2.7 **Sections:** Except as otherwise specified in a Condition, reference in the Conditions to:
- (a) a "**Section**" of a Transaction Document shall be construed as a reference to a Section of such Transaction Document;
  - (b) a "**Part**" of a Transaction Document shall be construed as a reference to a Part of such Transaction Document;
  - (c) a "**Schedule**" of a Transaction Document shall be construed as a reference to a Schedule of such Transaction Document;
  - (d) a "**Clause**" of a Transaction Document shall be construed as a reference to a Clause of a Part or Section (as applicable) of such Transaction Document; and
  - (e) a "**Paragraph**" of a Transaction Document shall be construed as a reference to a Paragraph of a Schedule of such Transaction Document.

2.8 **Number**

In any Transaction Document, save where the context otherwise requires, words importing the singular number include the plural and vice versa.

3. **Form and Denomination**

- 3.1 The Notes are in fully registered form and serially numbered in Authorised Denominations. Notes in registered form are issued without coupons attached.
- 3.2 The Principal Amount Outstanding of the Notes of each Class will be represented on issue by one or more global notes in fully registered form (each a "**Global Note**") without coupons attached.
- 3.3 Definitive registered Notes in an aggregate principal amount equal to the Principal Amount Outstanding of each Global Note (the "**Definitive Notes**") will be issued in registered form and serially numbered in the circumstances referred to Condition 3.4 below.
- 3.4 If, while any Notes are represented by a Global Note:
- (a) in the case of a Global Note held in Euroclear or Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does so cease business and no alternative clearing system satisfactory to the Trustee is available; or
  - (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of, or in the administration of, such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive registered form and a certificate to such effect signed by an authorised director of the Issuer is delivered to the Trustee,

the Issuer will issue Definitive Notes to Noteholders whose accounts with the relevant clearing systems are credited with interests in that Global Note in exchange for those interests within 30 calendar days of the relevant event but not earlier than the Exchange Date. Definitive Notes, if issued, will be issued in Authorised Denominations. The Global Note will not be exchangeable for Definitive Notes in any other circumstances.

4. **Title and transfer**

- 4.1 The person registered in the Register as the holder of any Note will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the

making of any payments), as the absolute owner of such Note regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons will be treated as the absolute owner of such Note.

- 4.2 The Issuer shall cause to be kept at the Specified Office of the Registrar, the Register on which shall be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers and redemptions of the Notes.
- 4.3 No transfer of a Note will be valid unless and until entered on the Register.
- 4.4 Transfers and exchanges of beneficial interests in the Global Notes and any Definitive Notes and any entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Notes, the detailed regulations concerning transfers of such Notes contained in the Agency Agreement, the Trust Deed and the legend appearing on the face of the Notes. In no event will the transfer of a beneficial interest in a Global Note or the transfer of a Definitive Note be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The regulations referred to above may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be sent by the Principal Paying Agent in the U.K. or the Registrar to any holder of a Note who so requests and will be available upon request at the Specified Office of the Registrar or the Principal Paying Agent.
- 4.5 A Definitive Note may be transferred in whole or in part upon the surrender of the relevant Definitive Note, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar or the Principal Paying Agent. In the case of a transfer of part only of a Definitive Note, new Definitive Notes in respect of both the balance transferred and the balance remaining will be issued to each of the transferee and the transferor by or by order of the Registrar (subject to the relevant new Definitive Notes each being issued in Authorised Denominations in accordance with Condition 3.4 above).
- 4.6 Each new Definitive Note to be issued upon a transfer of Definitive Notes will, within five Business Days of receipt of such request for transfer, be available for delivery at the Specified Office of the Registrar or the Principal Paying Agent stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Note to such address as may be specified in such request.
- 4.7 Registration of Definitive Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any Tax or other governmental charges which may be imposed in relation to it.
- 4.8 No holder of a Definitive Note may require the transfer of such Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on such Note.
5. **Status and Ranking**
- 5.1 **Status:** The Notes of each class constitute direct, secured, limited recourse and unconditional obligations of the Issuer.
- 5.2 **Ranking:** The Class A Notes will at all times rank without preference or priority *pari passu* amongst themselves. The Class Z Notes will at all times rank without preference or priority *pari passu* amongst themselves.
- 5.3 **Sole Obligations:** The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other Transaction Parties.
- 5.4 **Priority of Interest Payments:** Payments of interest on the Class A Notes will at all times rank in priority to payments of interest on the Class Z Notes, in accordance with the Pre-Enforcement Revenue Payments Priorities and the Post-Enforcement Payments Priorities;
- 5.5 **Priority of Principal Payments:** Payments of principal on the Class A Notes will rank at all times in priority to payments of principal on the Class Z Notes in accordance with the Pre-Enforcement Principal Payments Priorities and the Post-Enforcement Payments Priorities.

5.6 **Payments Priorities:** Prior to the delivery of an Enforcement Notice, on each Interest Payment Date, the Issuer is required to apply an amount equal to the Available Revenue and an amount equal to the Available Principal in accordance with the Pre-Enforcement Revenue Payments Priorities and the Pre-Enforcement Principal Payments Priorities, respectively. Following service of an Enforcement Notice, the Issuer is required to apply the Post-Enforcement Amounts in accordance with the Post-Enforcement Payments Priorities.

## 6. Security

6.1 **Security:** The Notes are secured by the Security.

6.2 **Enforceability:** The Security will become enforceable upon the delivery by the Trustee of an Enforcement Notice in accordance with Condition 13 (*Events of Default*) and subject to the matters referred to in Condition 14 (*Enforcement*).

## 7. Issuer Covenants

The Issuer makes the Issuer Covenants in favour of the Trustee which, amongst other things, restrict the ability of the Issuer to create or incur any indebtedness (save as permitted in the Trust Deed), dispose of assets or change the nature of its business, without the prior written consent of the Trustee. So long as any Note remains outstanding, the Issuer will comply with the Issuer Covenants.

## 8. Interest

8.1 **Accrual of Interest:** Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date.

8.2 **Cessation of Interest:** Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of any amount of principal required to redeem the Note on such date is improperly withheld or refused or default is otherwise made in respect of the payment, in which case, it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of:

- (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
- (b) the seventh calendar day after notice has been given to the relevant Noteholder in accordance with Condition 22 (*Notices*) that the full amount (together with interest accrued to that date) has been received by the relevant Paying Agent or the Trustee, except to the extent that there is a default in the subsequent payment thereof to the Noteholders (as the case may be) under the Conditions.

8.3 **Interest Payments:** Interest on each Note is payable in Sterling in arrear on the First Interest Payment Date and, thereafter, quarterly in arrear on each Interest Payment Date in an amount equal to the Interest Amount in respect of such Note for the Interest Period ending on the day immediately preceding such Interest Payment Date.

8.4 **Calculation of Interest Amount:** Upon or as soon as practicable after each Interest Determination Date, the Issuer shall calculate (or shall cause the Agent Bank to calculate) the Interest Amount payable on each Note for the related Interest Period in accordance with Condition 8.5 (*Determination of Note Rate, Interest Amount and Interest Payment Date*).

8.5 **Determination of Note Rate, Interest Amount and Interest Payment Date:** The Agent Bank will, on each Interest Determination Date, determine:

- (a) the Note Rate for each of the relevant classes of Notes for the related Interest Period;
- (b) the Interest Amount in respect of the Principal Amount Outstanding for each class of Notes for the related Interest Period; and
- (c) the Interest Payment Date next following the related Interest Period;

and notify the Issuer, the Servicer, the Cash Manager, the Trustee, the Registrar, the Fixed Rate Swap Provider and the Paying Agents.

8.6 ***Unavailability of SONIA Reference Rate***

- (a) If, in respect of any London Banking Day in the relevant Observation Period, the Agent Bank determines that the SONIA Reference Rate is not available on the Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.
- (b) Notwithstanding paragraph (a) above, in the event the Bank of England publishes guidance as to (i) how the SONIA Reference Rate is to be determined or (ii) any rate that is to replace the SONIA Reference Rate, the Agent Bank shall, to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA; for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.
- (c) In the event that the Note Rate cannot be determined in accordance with the foregoing provisions by the Agent Bank, the Note Rate shall, subject to Condition 17.2 (*Additional Right of Modification*) be (i) that determined as at the last preceding Interest Determination Date (though substituting, following the Step-Up Date, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Note Rate which would have been applicable for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Closing Date (but applying the Margin applicable to the first Interest Period).

8.7 ***Publication of Note Rate, Interest Amount and Interest Payment Date:*** As soon as practicable after receiving notification of the Note Rate, the Interest Amount and the Interest Payment Date in accordance with Condition 8.5 (*Determination of Note Rate, Interest Amount and Interest Payment Date*) and in any event no later than the second Business Day thereafter, the Principal Paying Agent on behalf of the Issuer will cause the Note Rate and the Interest Amount for each class and the next following Interest Payment Date to be published in accordance with Condition 22 (*Notices*).

8.8 ***Amendments to Publications:*** The Note Rate, Interest Amount in respect of the Principal Amount Outstanding for each class and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

8.9 ***Notifications to be final:*** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 (*Interest*), whether by the Paying Agents, the Registrar or the Agent Bank (in the absence of any Breach of Duty, or manifest error) be binding on the Issuer and all Noteholders and (in the absence of any Breach of Duty or manifest error) no liability to the Noteholders shall attach to the Agents or the Registrar in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 8 (*Interest*).

8.10 ***Agents:*** The Issuer shall ensure that, so long as any of the Notes remain outstanding there shall at all times be a Registrar, an Agent Bank, a Transfer Agent, a Paying Agent and a Principal Paying Agent. In the event of an Agent being unable or unwilling to continue to act as an Agent, the Issuer shall appoint such other person as may be previously approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign until a successor agent bank is appointed in accordance with the Agency Agreement. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given by the Issuer to the Noteholders in accordance with the Notices Condition.



8.11 ***Interest Deferred:***

- (a) To the extent that funds available to the Issuer to pay Interest Amounts due and payable on the Class Z Notes on an Interest Payment Date are insufficient to pay the full amount of such Interest Amounts and the Class Z Notes are not the Most Senior Class, payment of the shortfall in respect of such Interest Amounts ("**Deferred Interest**") will not then fall due but will instead be deferred until the first Interest Payment Date thereafter on which funds are available to the Issuer (after allowing for the Issuer's liabilities of higher priority and subject to and in accordance with these Conditions) to fund the payment of some or all of the Deferred Interest, and will fall due on such Interest Payment Date to the extent of such available funds.
- (b) Deferred Interest or any other amounts which are due and payable in respect of the Notes and not paid on the relevant Interest Payment Date will accrue interest ("**Additional Interest**") at the rate of interest applicable from time to time to such Notes. Payment of Additional Interest will, in the case of the Class Z Notes only, also be deferred until the first Interest Payment Date after such Additional Interest is accrued on which funds are available (subject to and in accordance with these Conditions) to the Issuer to pay some or all of such Additional Interest, to the extent of such available funds.
- (c) Payment of Deferred Interest and Additional Interest shall not be deferred beyond the Final Maturity Date or beyond any earlier date on which the Notes fall to be redeemed in full in accordance with Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*). Any amounts of Deferred Interest or Additional Interest which have not then been paid shall thereupon become due and payable in full.

8.12 ***Determinations and Reconciliation***

- (a) In the event that the Cash Manager does not receive a Servicer Report with respect to a Calculation Period (the "**Determination Period**"), then the Cash Manager shall use the Servicer Report in respect of the three most recent Calculation Periods (or, where there are not at least three previous Servicer Reports, all previous Servicer Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in this Condition 8.12 (*Determinations and Reconciliation*). If the Cash Manager subsequently receives the Servicer Report relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 8.12(c). Any: (i) calculations properly done on the basis of such previous Servicer Reports; (ii) payments made under any of the Notes and Transaction Documents in accordance with such calculations; (iii) reconciliation calculations; and (iv) reconciliation payments made as a result of such reconciliation calculations, each in accordance with Condition 8.12(b), 8.12(c) and/or 8.12(d), shall be deemed to be done in accordance with the provisions of the Transaction Documents and will not in themselves lead to an Event of Default and no liability will attach to the Cash Manager in connection with the exercise by it of its powers, duties and discretion for such purposes.
- (b) In respect of any Determination Period the Cash Manager shall:
  - (i) determine the Interest Determination Ratio by reference to the three most recently received Servicer Reports (or, where there are not at least three previous Servicer Reports, all previous Servicer Reports received in the preceding Calculation Periods);
  - (ii) calculate the Net Revenue for such Determination Period as the product of: (i) the Interest Determination Ratio; and (ii) all payments received by the Issuer in respect of the Mortgage Portfolio during such Determination Period; and
  - (iii) calculate the Principal Receipts for such Determination Period as the product of: (i) 1 minus the Interest Determination Ratio; and (ii) all payments received by the Issuer in respect of the Mortgage Portfolio during such Determination Period.
- (c) Following any Determination Period, upon receipt by the Cash Manager of the Servicer Reports in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 8.12(b) above to the actual collections set out in the Servicer Reports as follows:

- (i) if the Reconciliation Amount is a positive number, the Cash Manager shall on the immediately following Interest Payment Date pay or provide for such amount by allocating amounts standing to the credit of the Servicer Failure Reserve Fund and Available Revenue as Available Principal in the following order of priority:
  - (A) *first*, amounts standing to the credit of the Servicer Failure Reserve Fund; and
  - (B) *second*, Available Revenue;
- (ii) if the Reconciliation Amount is a negative number, the Cash Manager shall on the immediately following Interest Payment Date pay or provide for such amount by allocating amounts standing to the credit of the Servicer Failure Reserve Fund and Available Principal as Available Revenue in the following order of priority:
  - (A) *first*, amounts standing to the credit of the Servicer Failure Reserve Fund; and
  - (B) *second*, Available Principal.
- (d) if amounts standing to credit of the Servicer Failure Reserve Fund, Available Revenue or Available Principal, as the case may be, are insufficient to pay or provide for the applicable Reconciliation Amount in full on the relevant Interest Payment Date the Cash Manager shall reallocate Available Revenue or Available Principal (as applicable) in accordance with Condition 8.12(c)(i) or 8.12(c)(ii) respectively in respect of each subsequent Calculation Period (to be applied accordingly on the immediately following Interest Payment Date) until such Reconciliation Amount is paid or provided for in full; and
- (e) if the Cash Manager is required to provide for a Reconciliation Amount in determining Available Revenue and Available Principal in respect of any Interest Payment Date, the Cash Manager shall pay or provide for such Reconciliation Amount in accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Trustee of such Reconciliation Amount.

9. **Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation**

- 9.1 **Final Redemption:** Unless previously redeemed or purchased and cancelled as provided in this Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*), the Issuer shall redeem the Notes of each class at their Principal Amount Outstanding on the Final Maturity Date together with any accrued (and unpaid) interest up to (but excluding) the Final Maturity Date.
- 9.2 **Mandatory Redemption in part:** On each Interest Payment Date prior to the delivery of an Enforcement Notice, the Issuer is required to apply an amount equal to the Available Principal which is available for such purposes in accordance with the Pre-Enforcement Principal Payments Priorities in and towards redemption of the Notes.
- 9.3 **Optional Redemption in whole:** The Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding on any Interest Payment Date together with any accrued (and unpaid) interest up to (but excluding) such Interest Payment Date:
  - (a) when, on the last day of the immediately preceding Calculation Period, the aggregate Principal Balance of all the Mortgage Loans in the Mortgage Portfolio is less than or equal to 10 per cent. of the aggregate Principal Balance of the Mortgage Loans in the Mortgage Portfolio as at the Initial Mortgage Portfolio Cut-Off Date; or
  - (b) from and including the Step-Up Date,
 subject to the following:
  - (c) no Enforcement Notice has been delivered by the Trustee;

- (d) the Issuer has given notice to the Trustee and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes such notice to be given no earlier than the 60th calendar day before such Interest Payment Date and no later than the 14th calendar day before such Interest Payment Date; and
- (e) prior to, or at the same time as, giving any such notice, the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Payments Priorities.

9.4 **Optional Redemption in whole for taxation reasons:** The Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding, on any Interest Payment Date together with any accrued (and unpaid) interest up to (but excluding) such Interest Payment Date, on or before the date on which, by virtue of a change in Tax law (or the application or official interpretation of Tax law):

- (a) the Issuer is to make any payment in respect of the Notes or the Fixed Rate Swap Provider is to make any payments in respect of the Fixed Rate Swap Agreement and either the Issuer or the Fixed Rate Swap Provider, as the case may be, would be required to make a Tax Deduction in respect of such payment; or
- (b) the Issuer would be subject to United Kingdom corporation tax in an accounting period on an amount which materially exceeds the aggregate Issuer Profit Amount retained during that accounting period;

subject to the following:

- (i) no Enforcement Notice has been delivered by the Trustee prior to such Interest Payment Date;
- (ii) the Issuer has given not more than 60 nor less than 30 calendar days' notice to the Trustee and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes; and
- (iii) prior to giving any such notice, the Issuer (or in respect of Condition 9.4(a), the Fixed Rate Swap Provider (if applicable)) has provided to the Trustee:
  - (A) a legal opinion (in form and substance satisfactory to the Trustee) from a firm of lawyers (approved in writing by the Trustee) in the applicable jurisdiction, opining on the relevant change in Tax law (or the application of the official interpretation of Tax law) and confirming that the circumstance set out in either paragraph (a) or (b) above is applicable; and
  - (B) a certificate signed by the Issuer or, as the case may be, the Fixed Rate Swap Provider, to the effect that the events set out in paragraphs (a) and (b) above cannot be avoided; and
  - (C) a certificate signed by the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Payments Priorities.

9.5 **Calculation of Note Principal Payment, Principal Amount Outstanding and Pool Factor:** On each Calculation Date, the Issuer shall calculate (or cause the Cash Manager to calculate):

- (a) the aggregate of any Note Principal Payment due in relation to each class on the Interest Payment Date immediately succeeding such Calculation Date;
- (b) the Principal Amount Outstanding of each Note of each class on the Interest Payment Date immediately succeeding such Calculation Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date in relation to such class); and

- (c) the fraction expressed as a decimal to the sixth point (the "**Pool Factor**"), of which the numerator is the Principal Amount Outstanding of a Note of that class (as referred to in Condition 9.5(b) above) and the denominator is the Principal Amount Outstanding of such class of Notes as at the Closing Date,

and notify the Trustee, the Paying Agents and the Agents thereof in accordance with Condition 9.9 (*Notice of Calculation*).

- 9.6 **Calculations final and binding:** Each calculation by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding of a Note of each class and the Pool Factor shall in each case (in the absence of any Breach of Duty, or manifest error) be final and binding on all persons.
- 9.7 **Trustee may determine amounts in case of Issuer default:** If the Issuer does not at any time for any reason calculate (or cause the Cash Manager to calculate) any Note Principal Payment, the Principal Amount Outstanding in relation to each Note of each class or the Pool Factor in accordance with this Condition, such amounts may be calculated by the Trustee or by an agent or expert appointed by the Trustee at the expense of the Issuer (without, in the absence of fraud, any liability accruing to the Trustee as a result) in accordance with this Condition (based on information supplied to it by the Issuer, the Cash Manager or the Servicer) and each such calculation shall be deemed to have been made by the Issuer.
- 9.8 **Conclusiveness of certificates and legal opinions:** Any certificate or legal opinion given by or on behalf of the Issuer or, as the case may be, the Fixed Rate Swap Provider pursuant to Condition 9.3 (*Optional Redemption in whole*) and Condition 9.4 (*Optional Redemption in whole for taxation reasons*) may be relied on by the Trustee without further investigation and shall be conclusive and binding on the Noteholders and on the other Secured Creditors.
- 9.9 **Notice of Calculation:** The Issuer will cause each calculation of a Note Principal Payment, Principal Amount Outstanding in relation to each Note of each class and the Pool Factor to be notified immediately after calculation to the Trustee and the Agents and will, as soon as practicable after their determination but in any event not later than two Business Days prior to each Interest Payment Date, cause details of each calculation of a Note Principal Payment, Principal Amount Outstanding in relation to each Note of each class and the Pool Factor to be published in accordance with the Notices Condition.
- 9.10 **Notice irrevocable:** Any notice referred to in Condition 9.3 (*Optional Redemption in whole*) or Condition 9.4 (*Optional Redemption in whole for taxation reasons*) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes to which such notice relates at their Principal Amount Outstanding.
- 9.11 **Restrictions on purchase price:** The Issuer may not purchase any Note of any Class if the purchase price for such Note (after deducting the accrued (and unpaid) interest and expenses in relation to such purchase) would be more than the Principal Amount Outstanding of such Note as at the date of purchase of such Note.
- 9.12 **Cancellation of purchased or redeemed Notes:** All Notes purchased by the Issuer or redeemed in full will be cancelled forthwith by the Issuer and may not be reissued or resold. The Issuer shall give notice to the Trustee of such cancellation.

## 10. **Limited Recourse**

If at any time following:

- (a) the occurrence of either:
- (i) the Final Maturity Date or any earlier date upon which all of the Notes of each Class are due and payable; or
  - (ii) the service of an Enforcement Notice; and
- (b) Realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Payments Priorities,

the proceeds of such Realisation are insufficient, after the same have been allocated in accordance with the applicable Payments Priorities as Available Principal, Available Revenue or as Post-Enforcement Amounts (as applicable), to pay in full all claims ranking in priority to the Notes and all amounts then due and payable under any Class of Notes then the amount remaining to be paid (after such application in full of the amounts first referred to in (b) above) under such Class of Notes (and any Class of Notes junior to that Class of Notes) shall, on the day following such application in full of the amounts referred to in (b) above, cease to be due and payable by the Issuer.

For the purposes of this Condition 10, "**Realisation**" means, in relation to any Charged Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Charged Property including (without limitation) through sale or through performance by an obligor.

## 11. **Payments**

- 11.1 **Principal and interest:** Payments of principal and interest shall be made by cheque drawn in Sterling or, upon application by a Noteholder to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for payment, by transfer to an account in Sterling, maintained by the payee with a bank in London and (and in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Notes at the Specified Office of any Paying Agent in accordance with the terms of the Agency Agreement.
- 11.2 **Cheques:** Cheques sent to the nominated address of a Noteholder will be taken to have been received by the Noteholder on the relevant payment date and no further amount will be payable by the Issuer in respect of the Notes as a result of the Noteholder not receiving payment on the due date.
- 11.3 **Record date:** Each payment in respect of a Note will be made to the person shown as the Noteholder in the Register at the opening of business in the place of the Registrar's Specified Office as at the close of the Business Day before the due date for such payment (the "**Record Date**"). The person shown in the Register at the opening of business on the relevant Record Date in respect of a Note shall be the only person entitled to receive payments in respect of Notes represented by such Note and the obligations of the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.
- 11.4 **Payments subject to fiscal laws:** All payments in respect of the Notes are subject to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders in respect of such payments. Neither the Issuer, the Registrar, nor any Paying Agent shall be liable to any Noteholder or any other person for any commissions, costs, losses or expenses in relation to or resulting from such payments.
- 11.5 **Partial Payments:** If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note.
- 11.6 **Payments on Business Days:** If the due date for payment of any amount in respect of any Note is not a Business Day, then the holder shall not be entitled to payment until the next succeeding Business Day and no payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Note as a result.
- 11.7 **Payment after due date:** If any payment of principal or interest in respect of the Notes is made after the due date, payment shall be deemed not to have been made until the earlier of:
- (a) the date on which the full amount is paid to the relevant Noteholders; and
  - (b) the seventh day after notice has been given to the relevant Noteholders in accordance with the Notices Condition that the full amount (together with interest accrued to that date) has been received by the relevant Paying Agent or the Trustee except to the extent there is a default in the subsequent payment thereof to the Noteholders (as the case may be) under the Conditions.

11.8 **Payments to Noteholders:**

Subject to Condition 11.7 (*Payment after due date*), every payment of principal or interest in respect of the Notes made to the Principal Paying Agent in the manner provided in the Agency Agreement shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in the Trust Deed, except, in the case of payment to the Principal Paying Agent, to the extent that there is a default in the subsequent payment thereof to the Noteholders under the Conditions.

12. **Taxation**

12.1 **Payments free of Tax:** (Subject to Condition 12.3 below) all payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any Taxes unless the Issuer or the Paying Agents (as the case may be) are required by law to make any payment in respect of the Notes subject to any Tax Deduction. In that event, the Issuer or the Paying Agents (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted.

12.2 **No payment of additional amounts:** Neither the Issuer nor the Paying Agents will be obliged to pay any additional amounts to the Noteholders as a result of any such Tax Deduction.

12.3 Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to the US-UK IGA or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US Internal Revenue Service ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder or any other person for any FATCA withholding deducted or withheld by the Issuer, the Principal Paying Agent or any other party as a result of any person not being entitled to receive payments free of FATCA withholding.

13. **Events of Default**

13.1 **Events of Default:** Each of the following events shall be an "**Event of Default**":

- (a) **Non-payment of principal:** the Issuer fails to pay any amount of principal in respect of the Notes within 7 calendar days following the due date for payment of such principal to the Principal Paying Agent;
- (b) **Non-payment of Interest:** the Issuer fails to pay any Interest Amount on the Most Senior Class within 15 calendar days following the due date for payment of such Interest Amount to the Principal Paying Agent (as applicable);
- (c) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Issuer Covenants, the Trust Deed, the Deed of Charge or any of the other Transaction Documents and the Trustee certifies in writing that such default is, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders of the Most Senior Class and is either: (a) in the opinion of the Trustee, incapable of remedy; or (b) in the opinion of the Trustee, capable of remedy, but remains unremedied for 30 calendar days or such longer period as the Trustee may agree after the Trustee has given written notice of such default to the Issuer;
- (d) **Insolvency Event:** an Insolvency Event occurs in relation to the Issuer; or
- (e) **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Documents or any of the other Transaction Documents.

13.2 **Delivery of Enforcement Notice:** Subject to Condition 13.3 (*Conditions to delivery of Enforcement Notice*), if an Event of Default occurs and is continuing, the Trustee may at its discretion deliver an Enforcement Notice to the Issuer, but it shall not be bound to do so unless:

- (a) so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of outstanding Notes; or

- (b) so directed by an Extraordinary Resolution of the holders of the Most Senior Class of outstanding Notes.

13.3 **Conditions to delivery of Enforcement Notice:** Notwithstanding Condition 13.2 (*Delivery of Enforcement Notice*) the Trustee shall not be obliged to deliver an Enforcement Notice unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may become liable or which it may incur by so doing.

13.4 **Consequences of delivery of Enforcement Notice:** Upon the delivery of an Enforcement Notice, the Notes of each class shall become immediately due and payable, without further action or formality, at their Principal Amount Outstanding together with any accrued (and unpaid) interest. If the Notes become immediately due and payable, interest payable on the Notes will continue to be calculated in accordance with Condition 8 (*Interest*).

#### 14. **Enforcement**

14.1 **Proceedings:** At any time after the delivery of an Enforcement Notice the Trustee may, subject to it being indemnified, prefunded or secured to its satisfaction, at its discretion and without notice, institute such proceedings or take such other steps or actions as it thinks fit to enforce and/or to exercise its rights under the Trust Deed in respect of the Notes of each class (including these Conditions), the Deed of Charge or under the other Transaction Documents, but it shall not be bound to do so unless:

- (a) so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of outstanding Notes; or
- (b) so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of outstanding Notes,

and in such case, only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may become liable or which it may incur in so doing.

14.2 **Action by the Trustee:** If the Trustee shall take any action described in Condition 14.1 (*Proceedings*) it may take such action without having regard to the effect of such action on individual Noteholders or any other Secured Creditor.

14.3 **Restrictions on disposal of Issuer's assets:** If an Enforcement Notice has been delivered by the Trustee otherwise than by reason of non-payment of any amount due in respect of the Notes, the Trustee will not be entitled to dispose of the Charged Property or any part thereof (apart from Swap Excluded Receipts) unless either:

- (a) a sufficient amount would be realised to allow payment in full of all amounts owing to the Noteholders of each class after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Payments Priorities; or
- (b) the Trustee has received advice (which shall be binding on the Noteholders and the other Secured Creditors) from an investment bank or other financial adviser selected by the Trustee, (and if the Trustee is unable to obtain such advice having made efforts to do so this Condition 14.3(b) shall not apply) that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts due in respect of the Notes of each class after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Payments Priorities and the resulting shortfall would be greater than the shortfall arising upon disposal of the Charged Property.

The Trustee shall not be bound to seek the advice referred to in Condition 14.3(b) unless the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may become liable or which it may incur by so doing.

14.4 **Third Party Rights:** No person shall have any right to enforce any Condition or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 or any equivalent law under applicable jurisdictions.

15. **No action by Noteholders or any other Secured Creditor**

15.1 Only the Trustee may pursue the remedies available under the general law or under the Trust Documents and/or enforce the Security and no Noteholder or other Secured Creditor shall be entitled to proceed directly against the Issuer in respect of the Trust Documents or to enforce the Security. In particular, none of the Noteholders or any other Secured Creditor (nor any person on its or their behalf, other than the Trustee where appropriate) are entitled:

- (a) otherwise than as permitted by these Conditions, to direct the Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security;
- (b) to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to the Noteholders or any other Secured Creditors;
- (c) until the date falling two years after the Final Discharge Date, to initiate or join any person in initiating any insolvency proceeding in relation to the Issuer; or
- (d) to take or join in the taking of any steps or proceedings which would result in the Payments Priorities not being observed.

16. **Meetings of Noteholders**

16.1 **Convening:** The Trust Deed contains "**Provisions for Meetings of Noteholders**" for convening separate or combined meetings of Noteholders of any class or classes to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed, which modification may be made if sanctioned by an Extraordinary Resolution.

16.2 **Separate and combined meetings:** The Trust Deed provides that, except in the case of an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each Class of Noteholders) and subject to Condition 16.5 (*Relationship between Classes*):

- (a) an Extraordinary Resolution which in the opinion of the Trustee affects the Notes of only one class shall be transacted at a separate meeting of the Noteholders of that class;
- (b) an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one class of Notes and the holders of another class of Notes shall be transacted either at separate meetings of the Noteholders of each relevant class or at a single meeting of the Noteholders of all such classes of Notes as the Trustee shall determine in its absolute discretion; and
- (c) an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class and gives rise to any actual or potential conflict of interest between the Noteholders of one class of Notes and the Noteholders of any other class of Notes shall be transacted at separate meetings of the Noteholders of each relevant class.

16.3 **Request from Noteholders:** A meeting of Noteholders of a particular class may be convened by the Trustee or the Issuer at any time and must be convened by the Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders of a particular class holding not less than ten per cent. of the aggregate Principal Amount Outstanding of the outstanding Notes of that class. However, so long as no Event of Default has occurred and is continuing, the Noteholders are not entitled to instruct or direct the Issuer to take any action, either directly or indirectly through the Trustee, without consent of the Issuer and, if applicable, certain other transaction parties pursuant to any relevant Transaction Documents, unless the Issuer has an obligation to take such action under the relevant Transaction Documents.

16.4 **Quorum:** The quorum at any meeting convened to vote on:

- (a) an Extraordinary Resolution, other than regarding a Reserved Matter, relating to a meeting of a particular class or classes of the Notes will be one or more persons holding or representing in aggregate a majority of the Principal Amount Outstanding of the outstanding Notes of that class or those classes or, at any adjourned meeting, one or more persons being or representing



Noteholders of that class or those classes, whatever the Principal Amount Outstanding of the outstanding Notes so held or represented by such persons; and

- (b) an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each class of Noteholders) will be one or more persons holding or representing in aggregate not less than 75 per cent. of the Principal Amount Outstanding of the outstanding Notes of the relevant class or, at any adjourned meeting, one or more persons holding or representing not less than in aggregate 25 per cent. of the Principal Amount Outstanding of the outstanding Notes of the relevant class.

16.5 ***Relationship between Classes:***

In relation to each class of Notes:

- (a) no Extraordinary Resolution involving a Reserved Matter that is passed by the holders of one class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the other class of Notes (to the extent that there are outstanding Notes of such other class);
- (b) no Extraordinary Resolution to approve any matter other than a Reserved Matter of the Class Z Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the Class A Notes (to the extent that there are outstanding Class A Notes) unless the Trustee considers that the interests of the holders of the Class A Notes would not be materially prejudiced by the implementation of such first mentioned Extraordinary Resolution; and
- (c) any resolution passed at a Meeting of Noteholders of one or more classes of Notes duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such class, whether or not present at such Meeting and whether or not voting and, except in the case of a meeting relating to a Reserved Matter, any resolution passed at a meeting of the holders of the Class A Notes duly convened and held as aforesaid shall also be binding upon the holders of the Class Z Notes and will override any resolution to the contrary of the holders of the Class Z Notes.

16.6 ***Resolutions in writing:*** A Written Resolution shall take effect as if it were an Extraordinary Resolution.

17. ***Modification and Waiver***

17.1 ***Modification:*** The Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditors, concur with the Issuer and any other relevant parties in making:

- (a) any modification to these Conditions, the Trust Documents, the Notes or the other Transaction Documents (other than in respect of a Reserved Matter) in relation to which its consent is required which, in the opinion of the Trustee, will not be materially prejudicial to the interest of the holders of the Most Senior Class;
- (b) any modification to these Conditions, the Trust Documents, the Notes or the other Transaction Documents in relation to which its consent is required, if, in the opinion of the Trustee, such modification: (i) is of a formal, minor or technical nature; or (ii) is made to correct a manifest error,

*provided that*, the Issuer shall in relation to any proposed modification (for the avoidance of doubt, including any modification effected in accordance with Condition 17.2 (*Additional Right of Modification*) below) provide a certificate to the Trustee certifying that (i) it has notified the Fixed Rate Swap Provider of such proposed modification and (ii) either the Fixed Rate Swap Provider has given its prior written consent to such modification or the prior written consent of the Fixed Rate Swap Provider is not required for such modification.

17.2 ***Additional Right of Modification:*** Notwithstanding the provisions of Condition 17.1 (*Modification*), the Trustee shall be obliged, without any consent or sanction of the Noteholders, or, save as provided in this Condition 17.2 (*Additional Right of Modification*), any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to these Conditions

or any other Transaction Document to which it is a party or in relation to which it holds security or enter into any new, supplemental or additional documents that the Issuer considers necessary:

- (a) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that:
  - (i) the Issuer certifies in writing to the Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
  - (ii) in the case of any modification to a Transaction Document proposed by any of the Fixed Rate Swap Provider or the Account Bank, in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
    - (A) the Fixed Rate Swap Provider or the Account Bank, as the case may be, certifies in writing to the Issuer or the Trustee that such modification is necessary for the purposes described in paragraph (ii)(x) and/or (y) above (and in the case of a certification provided to the Issuer, the Issuer shall certify to the Trustee that it has received the same from the Fixed Rate Swap Provider or the Account Bank, as the case may be); and
    - (B) either:
      - (1) the Fixed Rate Swap Provider or the Account Bank, as the case may be, obtains from each of the Rating Agencies written confirmation that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency and would not result in any Rating Agency placing the Class A Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer and the Trustee; or
      - (2) the Issuer certifies in writing to the Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent); and
  - (iii) the Issuer pays all costs and expenses (including legal fees) incurred by the Issuer and the Trustee in connection with such modification;
- (b) in order to enable the Issuer and/or the Fixed Rate Swap Provider to comply with:
  - (i) any obligation which applies to it under Articles 9, 10 and 11 of Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 as amended by Regulation (EU) 2019/834 of the European Parliament and of the Council dated 20 May 2019, as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018 (as amended by the EU (Withdrawal Agreement) Act 2020 ("UK EMIR")) (or under Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (as amended, inter alia, by Regulation (EU) 2019/834) of the European Parliament and of the Council dated 20 May 2019 ("EU EMIR") if applicable) (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators); or
  - (ii) any other obligation which applies to it under UK EMIR (or EU EMIR if applicable),

provided that the Issuer or the Fixed Rate Swap Provider, as appropriate, certifies to the Trustee in writing that such modification is required solely for the purpose of enabling it to satisfy such obligation and has been drafted solely to such effect;

- (c) for the purpose of complying with any changes in the requirements of (i) Article 6 of the UK Securitisation Regulation or Article 6 of the EU Securitisation Regulation, after the Closing Date, including as a result of the adoption of additional regulatory technical standards in relation to the UK Securitisation Regulation or the EU Securitisation Regulation or any other risk retention legislation or regulations or official guidance in relation thereto applicable to the Issuer or BOIUK or (ii) any other provision of the UK Securitisation Regulation or the EU Securitisation Regulation, including Articles 19, 20, 21 or 22 of the UK Securitisation Regulation, or Article 243 of the UK CRR, including as a result of the adoption of regulatory technical standards in relation thereto, or any equivalent securitisation legislation or regulations or official guidance applicable to the Issuer or BOIUK, provided that in each case the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (d) for the purposes of enabling the Notes to remain listed on the London Stock Exchange, provided that the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (e) for the purposes of enabling the Issuer or any of the other Transaction Parties to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), provided that the Issuer or the relevant Transaction Party, as applicable, certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (f) for the purpose of complying with any changes in the requirements of the UK CRA Regulation or the EU CRA Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the UK CRA Regulation or the EU CRA Regulation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (g) for the purpose of changing the SONIA Reference Rate or the base rate that then applies in respect of the Notes and/or any consequential amendments to any related Swap Agreement to an alternative base rate (including where such base rate may remain linked to SONIA but may be calculated in a different manner) (any such rate, which may include an alternative SONIA Reference Rate, an "**Alternative Base Rate**") and making such other related or consequential amendments to any of the Transaction Documents as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change or which are required as a consequence of adopting an Alternative Base Rate (a "**Base Rate Modification**"), provided that, in relation to any amendment under this Condition 17.2(g):
  - (i) the Cash Manager (whilst BOIUK is the Cash Manager, otherwise the Issuer) certifies to the Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:
    - (A) such Base Rate Modification is being undertaken due to:
      - (1) an alternative manner of calculating a SONIA-based base rate is introduced and is utilised in a material number of publicly-listed new issues of asset-backed floating rate notes denominated in the same currency as the Notes prior to the effective date of such Base Rate Modification (for these purposes five (5) such issues shall be considered material);
      - (2) a material disruption to SONIA or any other relevant interest rate benchmark, an adverse change in the methodology of calculating SONIA or such interest rate benchmark or such interest rate benchmark ceasing to exist or be published;

- (3) a public statement by the administrator of SONIA or any other relevant interest rate benchmark that it will cease publishing SONIA or the relevant interest rate benchmark permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of SONIA or the relevant interest rate benchmark);
- (4) a public statement by the supervisor of the administrator of SONIA or any other relevant interest rate benchmark that SONIA or the relevant interest rate benchmark that applies to the Notes at such time has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
- (5) a public statement by the supervisor of the administrator of SONIA or any other relevant interest rate benchmark that means SONIA or the relevant interest rate benchmark may no longer be used or that its use is or will be subject to restrictions or adverse consequences;
- (6) the insolvency or cessation of business of the administrator of SONIA or any other relevant interest rate benchmark (in circumstances where no successor administrator has been appointed); or
- (7) the reasonable expectation of the Cash Manager (whilst BOIUK is the Cash Manager, otherwise the Issuer) that any of the events specified in sub-paragraphs (1) to (6) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and

(B) such Alternative Base Rate is:

- (1) a base rate published, endorsed, approved or recognised by the Bank of England, any regulator in the United Kingdom or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);
- (2) the Broad Treasuries Repo Financing Rate or, where the interest rate applicable to the Notes is not SONIA, SONIA (or any rate which is derived from, based upon or otherwise similar to either of the foregoing);
- (3) a base rate utilised in a material number of publicly-listed new issues of asset-backed floating rate notes denominated in the same currency as the Notes prior to the effective date of such Base Rate Modification (for these purposes five (5) such issues shall be considered material); or
- (4) such other base rate as the Cash Manager (whilst BOIUK is the Cash Manager, otherwise the Issuer) reasonably determines;

and, for the avoidance of doubt, the Cash Manager (whilst BOIUK is the Cash Manager, otherwise the Issuer) may propose an Alternative Base Rate on more than one occasion provided that the conditions set out in this Condition 17.2(g)(i) are satisfied; and

- (ii) the Issuer pays all fees, costs and expenses (including legal fees) incurred by the Issuer and the Trustee or any other Transaction Party in connection with such modification,
- (h) for the purpose of changing the base rate that then applies in respect of the Fixed Rate Swap Agreement to an Alternative Base Rate as is necessary or advisable in the commercially reasonable judgment of the Issuer (or the Cash Manager (whilst BOIUK is the Cash Manager, otherwise the Issuer) on its behalf) and the Fixed Rate Swap Counterparty solely as a consequence of a Base Rate Modification and solely for the purpose of aligning the base rate of

the Fixed Rate Swap to the base rate of the Class A Notes following such Base Rate Modification (a "**Swap Rate Modification**"), provided that the Cash Manager on behalf of the Issuer (whilst BOIUK is the Cash Manager, otherwise the Issuer) certifies to the Trustee in writing (upon which certificate the Trustee may rely absolutely and without enquiry or liability) that such modification is required solely for such purpose and it has been drafted solely to such effect (such certificate being a "**Swap Rate Modification Certificate**"),

(the Base Rate Modification Certificate or the Swap Rate Modification Certificate (as applicable) or other certificate to be provided by the Issuer, the Fixed Rate Swap Provider, the Cash Manager or the relevant Transaction Party, as the case may be, pursuant to paragraphs (a) to (h) above being a "**Modification Certificate**"), provided that:

- (A) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Trustee;
- (B) the Modification Certificate in relation to such modification shall be provided to the Trustee both at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect; and
- (C) the consent of each Transaction Party which is party to the relevant Transaction Document has been obtained,

and provided further that, other than in the case of a modification pursuant to Condition 17.2(b)(i):

- (A) other than in the case of a modification pursuant to Condition 17.2(a)(ii), either:
  - (1) the Issuer obtains from each of the Rating Agencies written confirmation that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); or
  - (2) the Issuer (or the Cash Manager on behalf of the Issuer) certifies in the Modification Certificate that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent); and
- (B) (I) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 22 (*Notices*) and by publication on Bloomberg on the "Company News" screen relating to the Notes, and (II) the Trustee has not been contacted in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) by Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class within such notification period notifying the Trustee that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class have notified the Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class is passed in favour of such modification in accordance with Condition 16 (*Meetings of Noteholders*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholders' holding of the Notes.

Other than where specifically provided in this Condition 17.2 (*Additional Right of Modification*) or any Transaction Document:

- (1) when implementing any modification pursuant to this Condition 17.2 (*Additional Right of Modification*) the Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 17.2 (*Additional Right of Modification*) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (2) the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the Transaction Documents and/or these Conditions.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:

- (1) so long as any of the Notes rated by the Rating Agencies remains Outstanding, each Rating Agency;
- (2) the Secured Creditors; and
- (3) the Noteholders in accordance with Condition 22 (*Notices*).

17.3 **Waiver:** The Trustee may at any time and from time to time in its sole discretion, without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if and in so far as in its opinion the interests of the holders of the Most Senior Class would not be materially prejudiced thereby:

- (a) authorise or waive, on such terms and subject to such conditions (if any) as it may decide, any proposed breach or any breach of any of the covenants or provisions contained in the Trust Documents, the Notes or any of the other Transaction Documents; or
- (b) determine, on such terms and subject to such conditions (if any) as it may decide, that any Event of Default or Potential Event of Default shall not be treated as such for the purposes of the Trust Documents, the Notes or any of the other Transaction Documents,

without any consent or sanction of the Noteholders or any other Secured Creditor.

17.4 **Restriction on power to waive:** The Trustee shall not exercise any powers conferred upon it by Condition 17.3 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class, but so that no such direction or request shall: (a) affect any authorisation, waiver or determination previously given or made; or (b) require or authorise the Trustee to exercise its discretion to authorise or waive any proposed breach or any breach relating to a Reserved Matter unless the holders of each class of outstanding Notes have, by Extraordinary Resolution, authorised such exercise by the Trustee of its discretion.

17.5 **Notification:** Unless the Trustee otherwise agrees, the Issuer shall cause any authorisation, waiver, modification or determination given or made in accordance with this Condition 17 (*Modification and Waiver*) to be notified to the Noteholders and the other Secured Creditors in accordance with the Notices Condition and the Transaction Documents, and to the Rating Agencies, as soon as practicable after it has been made.

17.6 **Binding Nature:** Any authorisation, waiver, determination or modification referred to in Condition 17.1 (*Modification*), Condition 17.2 (*Additional Right of Modification*) or Condition 17.3 (*Waiver*) shall be binding on the Noteholders and the other Secured Creditors.

## 18. **Prescription**

18.1 **Principal:** Claims for principal in respect of Notes shall become void where application for payment is made more than ten years after the due date therefor.

18.2 **Interest:** Claims for interest in respect of Notes, shall become void where application for payment is made more than five years after the due date therefor.

## 19. **Replacement of Notes**

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and London Stock Exchange requirements, upon payment by the holder of such Note of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

## 20. **Trustee and Agents**

20.1 **Trustee's right to Indemnity:** Under the Transaction Documents, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

20.2 **Trustee not responsible for loss or for monitoring:** The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Charged Property or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Servicer or by any person on behalf of the Trustee. The Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents.

20.3 **Regard to classes of Noteholders:** In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will:

- (a) have regard to the interests of each class of Noteholders as a class and will not be responsible for any consequence for individual Noteholders, including, without limitation, as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and
- (b) in the event of a conflict of interests between holders of different classes of Notes, have regard only to the holders of the Most Senior Class, save in respect of a Reserved Matter, and will not have regard to any lower ranking class of Notes nor to the interests of the other Secured Creditors.

20.4 **Agents solely agents of Issuer:** In acting under the Agency Agreement and in connection with the Notes, the Paying Agents, the Agent Bank and the Registrar act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders (other than as expressly set out in the Transaction Documents).

20.5 **Initial Agents:** The Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent, registrar, agent bank or transfer agent and additional or successor paying agents, registrars, agent banks or transfer agents at any time, having given not less than 30 calendar days' notice to such Agent.

21. **Substitution of Issuer**

21.1 **Substitution of Issuer:** The Trustee may, without the consent of the Noteholders or any other Secured Creditor and subject to:

- (a) the request of the Issuer; and
- (b) such further conditions as are specified in the Trust Deed,

agree to the substitution of a Substituted Obligor in place of the Issuer as the principal debtor in respect of the Trust Documents, the Notes and the Secured Amounts.

21.2 **Notice of Substitution of Issuer:** Not later than fourteen calendar days after any substitution of the Issuer in accordance with this Condition has effect, the Substituted Obligor shall cause notice of such substitution to be given to the Noteholders and the other Secured Creditors in accordance with the Notices Condition and the other relevant Transaction Documents, and to the Rating Agencies.

21.3 **Change of Law:** In the case of a substitution pursuant to this Condition, the Trustee may in its absolute discretion agree, without the consent of the Noteholders or the other Secured Creditors, to a change of the law governing the Notes and/or any of the Transaction Documents provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the holders of the Most Senior Class.

21.4 **No indemnity:** No Noteholder shall, in connection with any such substitution, be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders.

22. **Notices**

22.1 **Valid Notices:** Any notice to Noteholders shall be validly given if such notice is either:

- (a) published in the Financial Times or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Trustee shall approve having a general circulation in the United Kingdom;
- (b) prior to the issue of any Definitive Notes and so long as the Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg upon delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders; or
- (c) published on Bloomberg on the 'Company News' screen relating to the Class A Notes.

22.2 **Date of publication:** Any notice which is published pursuant to paragraph (a) or (c) of Condition 22.1 (*Valid Notices*) shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required or on Bloomberg on the 'Company News' screen relating to the Class A Notes. Any notice which is delivered to Euroclear and/or Clearstream, Luxembourg pursuant to paragraph (b) of Condition 22.1 shall be deemed to have been given on the first date of delivery of the relevant notice to Euroclear and Clearstream, Luxembourg (as applicable).

22.3 **Other Methods:** The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the London Stock Exchange on which the Notes are then listed and the clearing system through which the Notes are cleared and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

23. **Governing Law and Jurisdiction**

23.1 **Governing law:** The Transaction Documents and the Notes and all non-contractual obligations arising from or connected with them are governed by, and shall be construed in accordance with, English law.

23.2 **Jurisdiction:** The Courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes and the Transaction Documents (including a dispute relating



to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes or the Transaction Documents or the consequences of their nullity), and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Transaction Documents shall be brought in such Courts. The Issuer has in each of the Transaction Documents irrevocably submitted to the jurisdiction of the Courts of England.

## TAX TREATMENT ON THE NOTES

### United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of HMRC, which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of the Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

### *Interest on the Notes*

#### *Withholding tax on payments of interest on the Notes*

The Notes will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in EEA states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The London Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the Main Market of the London Stock Exchange are regarded as "listed on a recognised stock exchange" for these purposes.

In all cases falling outside the exemptions described above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

### *Other Rules Relating to United Kingdom Withholding Tax*

- (a) Where interest has been paid under deduction of United Kingdom income tax, holders of the Notes who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
- (b) The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.
- (c) The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer pursuant to Condition 21 (*Substitution of Issuer*) of the Notes or otherwise and does not consider the tax consequences of any such substitution.

## **The Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. In any event, even if foreign passthru withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply until two years after the issuance by the IRS of final regulations determining the scope of such withholding. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

The Joint Lead Managers and the Note Purchaser have, pursuant to a subscription agreement dated on or about the date of this Prospectus between BOIUK, (as the Seller and as Note Purchaser), Banco Santander, S.A. as Arranger and a Joint Lead Manager, BofA Securities as a Joint Lead Manager and the Issuer (the "**Subscription Agreement**"), together agreed with the Issuer (subject to certain conditions) in the case of the Joint Lead Managers to subscribe and pay for 100 per cent. of the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of such Class A Notes and in the case of the Note Purchaser to subscribe and pay for 100 per cent. of the Class Z Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class Z Notes as at the Closing Date.

The Issuer has agreed to indemnify the Joint Lead Managers and the Note Purchaser under the Subscription Agreement, and to pay certain costs and expenses in connection with the issue of the Notes.

The Subscription Agreement is subject to a number of conditions and may be terminated by the Joint Lead Managers and the Note Purchaser in certain circumstances prior to the payment to the Issuer for the Notes. Other than having applied for the admission of the Notes to the Official List and admission to trading on the Main Market, no action has been taken by the Issuer or any other party which would or has been intended to permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

### United States

The Notes have not been and will not be registered under the Securities Act or any securities laws of any state or any other relevant jurisdiction of the United States and, therefore, may not be offered, sold or transferred, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state or local securities laws. Accordingly, the Notes are being offered and sold only outside the United States in "offshore transactions" to non-U.S. Persons (as defined in Regulation S) in reliance on Regulation S.

The Arranger and Joint Lead Managers have each represented, warranted and agreed that except as permitted by the Subscription Agreement, it will not offer or sell the Notes as part of its distribution at any time or otherwise until 40 calendar days after the later of the commencement of the offering and the Closing Date (the "**Distribution Compliance Period**") within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S), and it will have sent to each affiliate, dealer or other person receiving a selling commission, fee or other remunerations (if any) to which it sells Notes during the Distribution Compliance Period a confirmation or other notice to substantially the following effect:

"The securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (i) as part of their distribution at any time or (ii) otherwise until forty (40) calendar days after the later of (a) the date the securities covered hereby are first offered to persons other than distributors in reliance on Regulation S and (b) the closing date, except in either case, in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them in Regulation S under the Securities Act".

In addition, until the expiration of the Distribution Compliance Period, an offer or sale of the Notes within the United States by the Joint Lead Managers may violate the registration requirements of the Securities Act. Terms used in this section that are defined in Regulation S under the Securities Act are used herein as defined therein.

Except with the prior written consent of BOIUK (a "**U.S. Risk Retention Consent**") and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any Risk Retention U.S. Persons. Each purchaser of a Note or a beneficial interest therein acquired in the initial syndication of the Notes, by its acquisition of a Note or a beneficial interest in a Note, will be deemed to represent to the Issuer, the Joint Lead Managers and the Seller that it (1) is not a Risk Retention U.S. Person (unless it has obtained a U.S. Risk Retention Consent), (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute

such Note or beneficial interest, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules. See "*Risk Factors – U.S. Risk Retention*".

See also "*Transfer Restrictions and Investor Representations*", below.

### **United Kingdom**

The Joint Lead Managers have each represented, warranted and agreed with the Issuer that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in any activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **Ireland**

The Joint Lead Managers have each represented and agreed that it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of:

- (c) the European Union (Markets in Financial Instruments) Regulations 2017 (as amended) of Ireland ("**MiFID Regulations**"), including, without limitation, Regulation 5 (Requirement for authorisation (and certain provisions concerning MTFs and OTFs)) thereof, or any rules or codes of conduct made under the MiFID Regulations, and the provisions of the Investor Compensation Act 1998 (as amended);
- (d) the Irish Central Bank Acts 1942 – 2018 (as amended) of Ireland and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);
- (e) the Companies Act 2014 (as amended) of Ireland (the "**Companies Act**"), the EU Prospectus Regulation, the European Union (Prospectus) Regulations 2019 and any rules and guidance issued by the Central Bank of Ireland (the "**Central Bank**") under Section 1363 of the Companies Act; and
- (f) Regulation (EU) No 596/2014 (as amended) of the European Parliament and of the Council of 16 April 2014 on market abuse, the European Union (Market Abuse) Regulations 2016 (as amended) and any rules and guidance issued by the Central Bank pursuant to Section 1370 of the Companies Act.

### **Prohibition of Sales to UK Retail Investors**

The Joint Lead Managers have each represented and agreed with the Issuer that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, a retail investor means a person who is one (or more) of the following:

- (a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or
- (b) a customer within the meaning of FSMA and any rules or regulations made under the FSMA to implement the EU Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or
- (c) not a qualified investor as defined in Article 2 of the EU Prospectus Regulation as it forms part of the domestic law of the United Kingdom by virtue of the EUWA, and
- (d) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

## **Prohibition of Sales to EEA Retail Investors**

The Joint Lead Managers have represented and agreed that they have not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or
- (b) a customer within the meaning of the EU Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or
- (c) not a qualified investor as defined in Article 2 of the EU Prospectus Regulation; and

the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

## **General**

Each of the Joint Lead Managers and the Note Purchaser has acknowledged that, save for having obtained the approval of the Prospectus as a prospectus by the FCA, having applied for the admission of the Notes to the Official List and admission to trading on the Main Market of the London Stock Exchange, no further action has been or will be taken in any jurisdiction that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material in relation to the Notes, in any country or jurisdiction where such further action for that purpose is required.

Under the Subscription Agreement, each of the Joint Lead Managers has agreed to comply with all applicable laws and regulations in each jurisdiction in or from which it may offer or sell the Notes or have in its possession or distribute the Prospectus (in preliminary or in final form) or any amendment or supplement thereto or any other offering material.

Attention is drawn to the information set out on the inside front cover of this Prospectus.

The Seller will undertake in the Mortgage Sale Agreement (in favour of the Trustee on behalf of the Secured Creditors) and has undertaken in the Subscription Agreement (in favour of the Joint Lead Managers) that it will, whilst any of the Notes remain outstanding:

- (a) retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the nominal value of the securitised exposures comprised in the securitisation in accordance with the text of Article 6(1) by way of a retention in accordance with Article 6(3)(d) of the UK Securitisation Regulation and Article 6(3)(d) of the EU Securitisation Regulation as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time;
- (b) not change the manner or form in which it retains such net economic interest, except to the extent permitted or required under the UK Securitisation Regulation and the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time);
- (c) not transfer, sell or hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to such net economic interest, except to the extent permitted or required under the UK Securitisation Regulation and the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time);
- (d) promptly notify the Arranger, the Joint Lead Managers and the Issuer if for any reason it (i) ceases to hold the retention in accordance with the requirements of the Mortgage Sale Agreement and the Subscription Agreement or (ii) fails to comply with the covenants set out in the Mortgage Sale Agreement and the Subscription Agreement in respect of the retention; and
- (e) comply with the disclosure obligations described in (i) Article 7(1)(e)(iii) of the UK Securitisation Regulation and (ii) Article 7(1)(e)(iii) of the EU Securitisation Regulation (as in force, interpreted and

applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time) by confirming its risk retention as contemplated by (i) Article 6(1) of the UK Securitisation Regulation and (ii) Article 6(1) of the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time), in each case, through the provision of the information in this Prospectus, disclosure in the Monthly Investor Reports and Quarterly Investor Reports (as prepared by the Cash Manager) and procuring provision to the Issuer of access to any reasonable and relevant additional data and information referred to in (i) Article 7(1)(e)(iii) of the UK Securitisation Regulation and (ii) Article 7(1)(e)(iii) of the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time) (subject to all applicable laws),

provided always that the Seller will not be in breach of this undertaking if due to events, actions or circumstances beyond the Seller's control, the Seller is not able to comply with such undertaking (such undertaking, the "**Risk Retention Undertaking**").

## TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

### Offers and Sales by the Purchasers

The Notes (including interests therein represented by a Global Note, a Definitive Note or a Book-Entry Interest) may only be offered, sold, resold, delivered or transferred: (i) outside the United States to a non U.S. person (as defined in Regulation S) in an offshore transaction in reliance on Rule 903 or 904 of Regulation S; or (ii) following the expiration of the Distribution Compliance Period, pursuant to an applicable exemption from the registration requirements of the Securities Act and in accordance with any applicable securities law of any state of the United States.

### Investor Representations and Restrictions on Resale

By its purchase of the Notes, each purchaser of the Notes (each initial purchaser, together with each subsequent transferee are referred to herein as the "**Purchaser**", which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) will be deemed to have represented and agreed to the following (undefined terms used in this section that are defined in Regulation S are used herein as defined therein):

- (a) the purchaser is located outside the United States and is not a U.S. person (as defined under Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate and is acquiring such Notes for its own account or as a fiduciary or agent for other non-U.S. persons in an offshore transaction (as defined under Regulation S) pursuant to an exemption from registration provided by Regulation S;
- (b) the Notes have not been and will not be registered under the Securities Act and such Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Notes, then it agrees that it will offer, resell, pledge or transfer such Notes only: (i) to a purchaser who is not a U.S. Person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. Person (as defined in Regulation S) and who is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S; or (ii) pursuant to an effective registration statement under the Securities Act; or (iii) pursuant to another exemption from the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States; provided, that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;
- (c) if the Purchaser purchased the Notes during the initial syndication of the Notes, it (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained a U.S. Risk Retention Consent, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Notes and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules);
- (d) unless the relevant legend set out below has been removed from the Notes such purchaser shall notify each transferee of Notes (as applicable) from it that: (i) such Notes have not been registered under the Securities Act; (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a), (b) and (c) above; (iii) such transferee shall be deemed to have represented that such transferee is a non-U.S. Person (as defined in Regulation S) and acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S; and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing;
- (e) the Notes and related documentation may be amended or supplemented from time to time to modify the restrictions on and procedures for resales and other transfers of the Notes to reflect any change in applicable law or regulation (or the interpretation thereof) or in practices relating to the resales or transfer of securities such as the Notes generally, and that it will be deemed, by its acceptance of such Notes, to have agreed to any such amendment or supplement;



- (f) the Issuer may receive a list of participants holding positions in its securities from one or more book entry depositaries, and that those participants may further disclose to the Issuer the names and positions of holders of its securities;
- (g) it will promptly: (i) inform the Issuer if, during any time it holds a Note, there shall be any change in the acknowledgements, representations and agreements contained above or if they shall become false for any reason; and (ii) deliver to the Issuer such other representations and agreements as to such matters as the Issuer may, in the future, request in order to comply with applicable law and the availability of any exemption therefrom; and
- (h) the Issuer, the Registrar, the Arranger, the Joint Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

Each Purchaser understands that: (i) the sale of the Notes (including interests therein represented by a Global Note, a Definitive Note or a Book-Entry Interest) to it is being made in reliance on Regulation S; and (ii) the Notes (including interests therein represented by a Global Note, a Definitive Note or a Book-Entry Interest) may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION AND IS SUBJECT TO UNITED STATES TAX LAW REQUIREMENTS, AND, AS A MATTER OF U.S. LAW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) (1) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (2) OTHERWISE PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND OTHERWISE IN ACCORDANCE WITH UNITED STATES TAX LAW REQUIREMENTS.

THE NOTES OFFERED AND SOLD BY THE ISSUER ARE NOT DESIGNED TO INVOLVE THE RETENTION BY A SPONSOR OF AT LEAST 5 PER CENT. OF THE CREDIT RISK OF THE SECURITISED ASSETS FOR PURPOSES OF COMPLIANCE WITH THE U.S. RISK RETENTION RULES (AS DEFINED BELOW) REGARDING NON-U.S. TRANSACTIONS OTHER THAN THE EXEMPTION UNDER SECTION 20 OF THE U.S. RISK RETENTION RULES (AS DEFINED BELOW), AND NO OTHER STEPS WILL BE TAKEN BY THE ISSUER, THE SELLER, THE ARRANGER, THE JOINT LEAD MANAGERS OR ANY OF THEIR AFFILIATES OR ANY OTHER PARTY TO ACCOMPLISH SUCH COMPLIANCE.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF BANK OF IRELAND (UK) PLC (A "**U.S. RISK RETENTION CONSENT**") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**"), ANY NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**").

PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS DIFFERENT FROM THE DEFINITION OF "U.S. PERSON" IN REGULATION S, AND PERSONS WHO ARE NOT "U.S. PERSONS" UNDER REGULATION S MAY BE U.S. PERSONS UNDER THE U.S. RISK RETENTION RULES. ANY PURCHASER OF THE NOTES, INCLUDING BENEFICIAL INTERESTS THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES, BY ITS ACQUISITION OF THE NOTES OR BENEFICIAL INTEREST THEREIN, WILL BE DEEMED, AND IN CERTAIN CIRCUMSTANCES REQUIRED, TO MAKE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON (UNLESS IT HAS OBTAINED A U.S. RISK RETENTION CONSENT), (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE OR BENEFICIAL INTEREST, AND (3) IS NOT ACQUIRING SUCH NOTE

OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTES OR A BENEFICIAL INTEREST THEREIN THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

SOLELY FOR THE PURPOSES OF THE MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY, EACH AS DEFINED IN EU MIFID II; AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A DISTRIBUTOR) SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER'S TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO EU MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

SOLELY FOR THE PURPOSES OF EACH MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ONLY ELIGIBLE COUNTERPARTIES, AS DEFINED IN THE FCA HANDBOOK CONDUCT OF BUSINESS SOURCEBOOK ("**COBS**"), AND PROFESSIONAL CLIENTS, AS DEFINED IN UK MIFIR; AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A "**DISTRIBUTOR**") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURERS' TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (THE "**UK PRODUCT GOVERNANCE RULES**") IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURERS' TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTORS IN THE EEA. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF EU MIFID II; (II) A CUSTOMER WITHIN THE MEANING OF THE EU INSURANCE DISTRIBUTION DIRECTIVE, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF EU MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (AS AMENDED). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE "**EU PRIIPS REGULATION**") (AN "**EU KID**") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE EU PRIIPS REGULATION. THE ISSUER, THE ARRANGER AND THE JOINT LEAD MANAGER EXPRESSLY DISCLAIM ANY RESPONSIBILITY AND SHALL HAVE NO LIABILITY TOWARDS THE PERSONS PURCHASING SUCH NOTES OR ANY RETAIL INVESTORS, FOR OFFERS AND SALES OF NOTES TO RETAIL INVESTORS IN CIRCUMSTANCES WHERE SUCH NOTES ARE SOLD TO RETAIL INVESTORS IN THE EEA AND THAT NO EU KID HAS BEEN PREPARED.

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UK. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW OF THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (AS AMENDED BY THE EUROPEAN UNION (WITHDRAWAL AGREEMENT) ACT 2020) (THE "**EUWA**"); OR (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND

MARKETS ACT 2000 (THE "FSMA") AND ANY RULES OR REGULATIONS MADE UNDER FSMA WHICH WERE RELIED ON IMMEDIATELY BEFORE EXIT DAY TO IMPLEMENT THE EU INSURANCE DISTRIBUTION DIRECTIVE, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF UK MIFIR. IN ADDITION, THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE IN THE UK IN AN AMOUNT OF LESS THAN £100,000. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY EU PRIIPS REGULATION AS IT FORMS PART OF DOMESTIC LAW OF THE UNITED KINGDOM BY VIRTUE OF THE EUWA (THE "**UK PRIIPS REGULATION**") (A "**UK KID**") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION. THE ISSUER, THE ARRANGER AND THE JOINT LEAD MANAGER EXPRESSLY DISCLAIM ANY RESPONSIBILITY, AND SHALL HAVE NO LIABILITY TOWARDS THE PERSONS PURCHASING SUCH NOTES OR ANY RETAIL INVESTORS, FOR OFFERS AND SALES OF NOTES TO RETAIL INVESTORS IN CIRCUMSTANCES WHERE SUCH NOTES ARE SOLD TO RETAIL INVESTORS IN THE UK AND THAT NO UK KID HAS BEEN PREPARED.

THE PURCHASER OF THIS NOTE OR ANY INTEREST IN THIS NOTE SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT: (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST IN THIS NOTE WILL NOT BE, A BENEFIT PLAN INVESTOR AS DEFINED IN SECTION 3(42) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"); AND (II) IF IT IS OR MAY BECOME A GOVERNMENTAL OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS NOT SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE U.S INTERNAL REVENUE CODE OF 1986, AS AMENDED, (THE "**CODE**"), ITS PURCHASE AND HOLDING OF THIS NOTE OR ANY INTEREST IN THIS NOTE WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY U.S. FEDERAL, STATE OR LOCAL LAW OR ANY NON U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE. "**BENEFIT PLAN INVESTOR,**" AS DEFINED IN SECTION 3(42) OF ERISA, INCLUDES (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE CODE, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY.

THE PURCHASER IS HEREBY NOTIFIED THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK ENTRY DEPOSITARIES, AND THAT THOSE PARTICIPANTS MAY FURTHER DISCLOSE TO THE ISSUER THE NAMES AND POSITIONS OF HOLDERS OF ITS SECURITIES.

PRIOR TO THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, AN INTEREST IN THIS NOTE MAY BE HELD ONLY THROUGH EUROCLEAR OR CLEARSTREAM, LUXEMBOURG.

*Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.*

## LISTING AND GENERAL INFORMATION

- (a) It is expected that the admission of the Notes to the Official List and the admission of the Notes to trading on the Main Market will be granted on or around 14 November 2023.
- (b) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), since 19 September 2023 (being the date of incorporation of the Issuer) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer.
- (c) No statutory or non-statutory accounts within the meaning of Section 434 and 435 of the Companies Act 2006 (as amended) in respect of any financial year of the Issuer have been prepared. So long as the Notes are admitted to trading on the Main Market, the most recently published audited annual accounts of the Issuer from time to time shall be available at the Specified Office of the Principal Paying Agent in London. The Issuer does not publish interim accounts.
- (d) The auditors of the Issuer, KPMG, Chartered Accountants, are members of the Institute of Chartered Accountants of England and Wales. The financial year end of the Issuer is 31 December. The first statutory financial statements of the Issuer will be prepared for the period ended 31 December 2024.
- (e) The credit ratings included or referred to in this Prospectus have been issued by the Rating Agencies, each of which is established in the United Kingdom, and is registered under the UK CRA Regulation.
- (f) Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of its business.
- (g) Save as disclosed in this Prospectus, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or given any charges or guarantees.
- (h) Since 19 September 2023 (being the date of incorporation of the Issuer), there has been: (a) no material adverse change in the financial position or prospects of the Issuer; and (b) no significant change in the financial or trading position of the Issuer.
- (i) The issue of the Notes was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 3 November 2023.
- (j) The following Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN, CFI, FISN and Common Code:

<u>Class of Notes</u>	<u>ISIN</u>	<u>FISN</u>	<u>CFI</u>	<u>Common Code</u>
Class A Notes	XS2702839858	BOWBELL NO.3 PL/VAR BD 20650416	DBVXFR	270283985
Class Z Notes	XS2702840278	FISN BOWBELL NO.3 PL/VAR BD 20650416	DBVXFR	270284027

- (k) For so long as this Prospectus is in effect, copies of the memorandum and articles of association of each of the Issuer and Holdings may be inspected at the registered office of the Principal Paying Agent during usual business hours, on any weekday (public holidays excepted).
- (l) Copies of the Transaction Documents are available for inspection in electronic form by Noteholders during normal business hours at the Specified Office of the Principal Paying Agent.
- (m) The Issuer will make available: (i) post issuance information in relation to each Mortgage Loan; and (ii) post issuance transaction information in the form of Monthly Investor Reports via the Reporting Website. The Reporting Website and the contents thereof do not form part of this Prospectus.
- (n) The Monthly Investor Reports produced by the Cash Manager on behalf of the Issuer will contain information as set out in the Cash Management Agreement including, but not limited to information in respect of the Mortgage Loans, a confirmation of the Seller's retained economic interest in the

securitisation as required by the UK Risk Retention Requirements and the EU Risk Retention Requirements (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time), details relating to any repurchases of Mortgage Loans by the Seller pursuant to the Mortgage Sale Agreement and details with respect to the rates of interest, Note principal and interest payments and other payments by the Issuer.

(o) Reporting under the UK Securitisation Regulations and EU Securitisation Regulation

The Issuer will procure the publication of:

- (i) a Quarterly Investor Report in respect of the relevant Calculation 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 in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time) (as if it were applicable to the Seller); and
- (ii) certain loan-by-loan information in relation to the Mortgage Portfolio in respect of the relevant Calculation Period to the extent 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 in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time) (as if it were applicable to the Seller),

in each case simultaneously each quarter (to the extent required under Article 7(1) of the UK Securitisation Regulation and Article 7(1) of the EU Securitisation Regulation) (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time) and published in the manner consistent with the requirements of Article 7(2) of the UK Securitisation Regulation and Article 7(2) of the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time), in each case, such requirements shall be deemed satisfied by being made available on the Reporting Websites. For the avoidance of doubt, these websites and the contents thereof do not form part of this prospectus.

The Issuer or the Seller (as applicable) will also procure:

- (i) the publication of 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) (as applicable) of the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time) (as if it were applicable to the Seller) without delay;
- (ii) that the information required to be provided under Article 7(1)(a) and 7(1)(d) of the UK Securitisation Regulation and Article 7(1)(a) of the EU Securitisation Regulation (as in force, interpreted and applied as at the date of this Prospectus only or to the extent such regulation is amended after the date of this Prospectus as adopted by the Seller in its discretion from time to time) (as if it were applicable to the Seller) shall be made available to potential investors prior to the pricing of the Notes; and
- (iii) that copies of the documents required pursuant to Article 7(1)(b) of the UK Securitisation Regulation (including the transaction documents, this prospectus and any supplements thereto) are made available (in draft form, if applicable) prior to the pricing of the Notes (and in final form within 15 days following the Closing Date),

in each case by publication on the Reporting Websites or other securitisation repository (as defined in the UK Securitisation Regulation) or such other method as the Issuer deems appropriate from time to time.

The Issuer or the Seller (as applicable) 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. Any documents provided in draft form are subject to amendment and completion without notice.

- (p) The Issuer or the Seller (as applicable) will make available a liability cashflow model, either directly or indirectly through one or more entities which provide such liability cashflow models to investors generally, 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 (i) prior to pricing of the Notes to potential investors and (ii) on an on-going basis to investors in the and to potential investors in the Notes upon request.
- (q) Other than as outlined in paragraphs (m), (n) (o) and (p) above and paragraph (s) below, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Mortgage Loans.
- (r) UK STS Requirements

The Seller, as originator, has submitted a UK STS notification to the FCA in accordance with Article 27 of the UK Securitisation Regulation, that the STS criteria have been satisfied with respect to the Transaction. It is expected that the UK STS notification once notified to the FCA will be available for download on the FCA STS register website.

For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

The Seller has used the services of Prime Collateralised Securities (PCS) UK Limited (registered office 40 Gracechurch Street, London, EC3V 0BT, England) as an Authorised Verification Agent authorised under Article 28 of the UK Securitisation Regulation in connection with an assessment of the compliance of the Transaction with the UK STS Requirements and PCS has prepared a UK STS Verification. Prime Collateralised Securities (PCS) UK Limited has no material interest in the Issuer. The UK STS Verification is not a recommendation to buy, sell or hold securities, is not investment advice whether generally or as defined under EU MiFID II and is not a credit rating whether generally or as defined under the UK CRA Regulation, EU CRA Regulation or Section 3(a) of the United States Securities Exchange Act of 1934 (as amended). PCS is not an "expert" as defined in the Securities Act.

PCS is not a law firm and nothing in the UK STS Verification constitutes legal advice in any jurisdiction. PCS is authorised by the United Kingdom Financial Conduct Authority, pursuant to Article 28 of the UK Securitisation Regulation, to act as a third party verifying UK STS compliance. This authorisation covers UK STS Verifications in the UK.

By providing the UK STS Verification in respect of any securities PCS does not express any views about the creditworthiness of the Notes or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for the Notes. Investors should conduct their own research regarding the nature of the UK STS Verification and must read the information set out in <http://pcsmarket.org>. In the provision of the UK STS Verification, PCS has based its decision on information provided directly and indirectly by the Seller. PCS does not undertake its own direct verification of the underlying facts stated in the prospectus, deal sheet, documentation or certificates for the Notes and the completion of the UK STS Verification is not a confirmation or implication that the information provided by or on behalf of the Seller as part of the UK STS Verification is accurate or complete.

In completing a UK STS Verification, PCS bases its analysis on the UK STS criteria appearing in Articles 20 to 26 of the UK Securitisation Regulation together with, if relevant, the appropriate provisions of Article 43, (together, the "**UK STS Criteria**"). Unless specifically mentioned in the UK STS Verification, PCS relies on the English version of the UK Securitisation Regulation. The task of interpreting individual UK STS Criteria rests with the FCA. The UK STS Criteria, as drafted in the UK Securitisation Regulation, are subject to a potentially wide variety of interpretations. In compiling a UK STS Verification, PCS uses its discretion to interpret the UK STS Criteria based on (a) the text of the UK Securitisation Regulation and (b) any relevant guidelines issued by the FCA. There can be no guarantees that any regulatory authority or any court of law interpreting the UK STS Criteria will agree with the interpretation of PCS. There can be no guarantees that any future guidelines issued by FCA may not differ in their approach from those used by PCS in interpreting any UK STS Criterion prior to the issuance of such new guideline or interpretation. Accordingly, the provision of a UK STS

Verification is only an opinion by PCS and not a statement of fact. It is not a guarantee or warranty that any national competent authority, court, investor or any other person will accept the UK STS status of the relevant securitisation.

All PCS services speak only as of the date on which they are issued. PCS has no obligation to monitor (nor any intention to monitor) any securitisation the subject of any PCS Service. PCS has no obligation and does not undertake to update any PCS Service to account for (a) any change of law or regulatory interpretation or (b) any act or failure to act by any person relating to those UK STS Criteria that speak to actions taking place following the close of any transaction such as, without limitation, the obligation to continue to provide certain mandated information.

It is expected that the UK STS Verification prepared by PCS, together with detailed explanations of its scope, will be available on the website of such agent (<https://www.pcsmarket.org/sts-verification-transactions/>). For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

- (s) In order to comply with the Bank of England's Market Notice dated 30 November 2010 in respect of its eligibility requirements for residential mortgage backed securities, the following information in respect of the programme is made available to investors, potential investors and certain other market professionals acting on their behalf via a secure website (which can be accessed <https://editor.eurodw.co.uk/deals/view?edcode=RMBSUK102077500320234>):
- (i) anonymised loan-level data (provided at least quarterly);
  - (ii) a link to all material transaction documents; and
  - (iii) a liability only cash flow model.

The information listed above is, from the date of this prospectus and as long as any Notes remain outstanding (including during the period while the Notes are admitted to the Official List, made available to investors, potential investors and certain other market professionals acting on their behalf via a secure website (which can be accessed via: <https://editor.eurodw.co.uk/deals/view?edcode=RMBSUK102077500320234>)). For the avoidance of doubt, such information will be made available prior to or shortly after the Closing Date and, once made available, such information will be updated on a periodic basis.

- (t) The administrative records of the Seller do not contain any information related to the environmental performance of the property securing the loans. To the extent such certificates are available in the future, BOIUK will disclose available information related to the environmental performance of the assets by means of a securitisation repository (as defined in the UK Securitisation Regulation) or such other method as the Seller deems appropriate from time to time.
- (u) The Issuer confirms that the Mortgage Loans backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. However, investors are advised that this confirmation is based on the information available to the Issuer at the date of this Prospectus and may be affected by the future performance of such assets backing the issue of the Notes. Consequently investors are advised to review carefully any disclosure in this Prospectus together with any amendments or supplements thereto.
- (v) The Issuer's Legal Entity Identifier number is 635400NF9KMDE5W5UJ97.

## GLOSSARY OF DEFINED TERMS

"Account Bank"	means Elavon Financial Services DAC, U.K. Branch in its capacity as account bank and custodian under the Account Bank Agreement or its successor.
"Account Bank Agreement"	means the agreement so named dated on or about the Closing Date between the Issuer, the Cash Manager, the Account Bank and the Trustee.
"Accrued Interest"	means, as at any date (for the purposes of this definition only, the " <b>determination date</b> ") from (but excluding) the Initial Mortgage Portfolio Cut-Off Date and in relation to any Mortgage Loan, interest on such Mortgage Loan (not being interest which is currently payable on the determination date) which has accrued (but is not yet due and payable) from and including the first day of the calendar month immediately prior to the determination date to and including the determination date.
"Additional Interest"	has the meaning ascribed to it in Condition 8.11 ( <i>Interest Deferred</i> ).
"Adjusted Fixed Rate Loan Balance"	means, in respect of a Calculation Period, the Fixed Rate Loan Balance as at the last day of the Calculation Period immediately preceding the relevant Calculation Period (excluding for such purposes (i) any Further Advances made in breach of the Further Advance Conditions and (ii) any Product Switches made in breach of the Product Switch Conditions), as notified by the Servicer or, following a Servicer Report Failure Event, the Cash Manager.
"Advance Date"	means in respect of a Further Advance, the date on which that Further Advance is made by the Seller to the relevant Borrower.
"Advance Period"	means each Calculation Period during which a Further Advance occurs;
"Affiliate"	means in respect of any Person means any other Person controlling, controlled by or under common control with such Person;
"Agency Agreement"	means the agreement so named dated on or about the Closing Date between the Issuer, Agent Bank, the Principal Paying Agent, the Transfer Agent, the Registrar and the Trustee (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time).
"Agent Bank"	means Elavon Financial Services DAC, U.K. Branch in its capacity as agent bank pursuant to the Agency Agreement.
"Agents"	means the Agent Bank, the Registrar, the Paying Agents and the Transfer Agent (or any successors duly appointed) and " <b>Agent</b> " means any one of them.
"Ancillary Rights"	means in relation to a Right, all ancillary rights, accretions and supplements to such Right, including, without limitation, any guarantees or indemnities in respect of such Right.
"Appointee"	means any delegate, agent, nominee, custodian, attorney or manager appointed by the Trustee pursuant to the provisions of the Trust Documents.
"Arranger"	means Banco Santander, S.A. in its capacity as the arranger.
"Arrears of Interest"	means as at any date (for the purposes of this definition only, the " <b>determination date</b> ") from (but excluding) the Initial Mortgage Portfolio Cut-Off Date and in relation to any Mortgage Loan, interest (which has not been capitalised) on such Mortgage Loan which is currently due, payable and unpaid on or before that determination date.



**"Authorised Investments"**

means Sterling gilt-edged securities and/or Sterling treasury bills, money market funds and Sterling demand or time deposits, certificates of deposit and unsecured, unsubordinated short-term debt obligations (including commercial paper), provided that in all cases such investments will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and such investments are scheduled to mature or can be broken or demanded by the Issuer (at no cost to the Issuer) on or before the three Business Days prior to the next Calculation Date subject to:

- (a) investments with remaining maturities which are greater than six months but less than or equal to twelve months, having a short term rating of at least F1+ by Fitch and P-1 by Moody's and a long term rating of at least AA- by Fitch and Aa3 by Moody's and a rating of at least AAA or R-1 (high) by DBRS (if rated by DBRS) (or such other short term or long term rating which would not affect the then current rating of the Class A Notes); or
- (b) investments with remaining maturities which are greater than three months but less than or equal to six months, having a short term rating of at least F1+ by Fitch and P-1 by Moody's and a long term rating of at least AA- by Fitch and Aa3 by Moody's and a rating of at least AA or R-1 (high) by DBRS (if rated by DBRS) (or such other short term or long term rating which would not affect the then current rating of the Class A Notes); or
- (c) investments with remaining maturities which are equal to three months, having a short term rating of at least F1+ by Fitch and P-1 by Moody's and a long term rating of at least AA- by Fitch and Aa3 by Moody's and a rating of at least AA (low) or R-1 (middle) by DBRS (if rated by DBRS) (or such other short term or long term rating which would not affect the then current rating of the Class A Notes); or
- (d) investments with remaining maturities which are greater than or equal to 30 days but less than three months, having a short term rating of at least F1+ by Fitch and P-1 by Moody's and a long term rating of at least AA- by Fitch and A2 by Moody's and a rating of at least AA (low) or R-1 (middle) by DBRS (if rated by DBRS) (or, as applicable, Aaa-mf by Moody's and AAmmf by Fitch in respect of money market funds) (or such other short term or long term rating which would not affect the then current rating of the Class A Notes); or
- (e) investments with remaining maturities which are less than 30 days, having a short-term rating of at least F1 by Fitch and P-1 by Moody's and a long term rating of at least A by Fitch and A2 by Moody's and a rating of at least A or R-1 (low) by DBRS (if rated by DBRS) (or, as applicable, Aaa-mf by Moody's and AAmmf by Fitch in respect of money market funds) (or such other short term or long term rating which would not affect the then current rating of the Class A Notes); and
- (f) such investments not consisting, in whole or in part, actually or potentially, of tranches of other asset-backed securities, credit-linked notes, swaps or other derivatives instruments or synthetic securities; and
- (g) the obligors of such investments being incorporated or, if they are natural persons, resident in the EEA.

**"Available Principal"** shall have the meaning given to this term on page 144.

**"Available Revenue"** shall have the meaning given to this term on page 140.

<b>"Back-Up Servicer Facilitator"</b>	means CSC Capital Markets UK Limited in its capacity as back-up servicer facilitator in accordance with the Servicing Agreement or any successor duly appointed.
<b>"Bank of England Base Rate"</b>	means the Bank of England's official dealing rate (repo rate) as set by the UK Monetary Policy Committee, or such alternative rate or index which is not controlled by the Seller, that the Seller considers to be the most appropriate in the circumstances.
<b>"Banking Act"</b>	means the Banking Act 2009.
<b>"Basel Committee"</b>	means the Basel Committee on Banking Supervision.
<b>"Base Rate Modification"</b>	means a modification to the Conditions of the Notes or any other Transaction Document for the purposes of changing the SONIA Reference Rate or the base rate that then applies in respect of the Notes and/or any consequential amendments to any related Swap Agreement to an alternative base rate (or such other related or consequential amendments as are necessary or advisable in the reasonable judgement of the Issuer to facilitate such change).
<b>"Benefit"</b>	<p>means in respect of any asset, agreement, property or right (each a <b>"Right"</b> for the purpose of this definition) held, assigned, conveyed, transferred, charged, sold or disposed of by any person and shall be construed so as to include:</p> <ul style="list-style-type: none"> <li>(a) all right, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) of such person in, to, under and in respect of such Right and all Ancillary Rights in respect of such Right;</li> <li>(b) all monies and proceeds payable or to become payable under, in respect of, or pursuant to such Right or its Ancillary Rights and the right to receive payment of such monies and proceeds and all payments made including, in respect of any bank account, all sums of money which may at any time be credited to such bank account together with all interest accruing from time to time on such money and the debts represented by such bank account;</li> <li>(c) the benefit of all covenants, undertakings, representations, warranties and indemnities in favour of such person contained in or relating to such Right or its Ancillary Rights;</li> <li>(d) the benefit of all powers of and remedies for enforcing or protecting such person's right, title, interest and benefit in, to, under and in respect of such Right or its Ancillary Rights, including the right to demand, sue for, recover, receive and give receipts for proceeds of and amounts due under or in respect of or relating to such Right or its Ancillary Rights; and</li> <li>(e) all items expressed to be held on trust for such person under or comprised in any such Right or its Ancillary Rights, all rights to deliver notices and/or take such steps as are required to cause payment to become due and payable in respect of such Right and its Ancillary Rights, all rights of action in respect of any breach of or in connection with any such Right and its Ancillary Rights and all rights to receive damages or obtain other relief in respect of such breach.</li> </ul>
<b>"BOIUK"</b>	means Bank of Ireland (UK) plc.
<b>"Book-Entry Interests"</b>	means the beneficial interests in the Global Notes recorded by Euroclear and Clearstream, Luxembourg.
<b>"Borrower"</b>	means, in relation to a Mortgage Loan, the individual or individuals specified as such in the relevant Mortgage Terms together with the individual or individuals

(if any) from time to time assuming an obligation to repay such Mortgage Loan or any part of it.

"Breach of Duty"	means: <ul style="list-style-type: none"><li>(a) in relation to the Trustee, the Paying Agents, Principal Paying Agent, Agent Bank, Transfer Agent, Registrar and Account Bank gross negligence, wilful default and fraud; and</li><li>(b) in relation to any person (other than one mentioned at (a) above) a wilful default, fraud, negligence or breach of trust or material breach of any agreement by such person;</li></ul>
"Broad Treasuries Repo Financing Rate"	means the broad treasuries repo financing rate published by the Federal Reserve Bank of New York.
"Business Day"	means, a day on which commercial banks and foreign exchange markets settle payments in London.
"Calculation Date"	means in relation to an Interest Payment Date, the third Business Day prior to such Interest Payment Date and a Calculation Date shall relate to an Interest Payment Date (and be the " <b>related Calculation Date</b> " in respect of such Interest Payment Date) where such Calculation Date immediately precedes such Interest Payment Date.
"Calculation Period"	means each period from, and including, the first day in a calendar month in which a Calculation Date occurs (or in respect of the first Calculation Period, from (but excluding) the Initial Mortgage Portfolio Cut-Off Date) to (and including) the last day in the calendar month immediately preceding the next Calculation Date (or in respect of the first Calculation Period, the first Calculation Date). A Calculation Period shall relate to an Interest Period (and be the " <b>related Calculation Period</b> " in respect of such Interest Period) where such Calculation Period runs to (and includes) the last day in the calendar month immediately preceding the Calculation Date which relates to the Interest Payment Date in respect of such Interest Period.
"Call Option"	means the option of the Issuer to redeem all (but not some only) of the Notes on any Interest Payment Date from and including the Step-Up Date in accordance with Condition 9.3(b) ( <i>Optional Redemption in Whole</i> ).
"Call Option Price"	means the amount which will ensure that the Issuer has on the relevant Interest Payment Date sufficient funds to redeem the Notes at their Principal Amount Outstanding plus accrued but unpaid interest up to, but excluding, the date of redemption in accordance with Condition 9.3 ( <i>Optional Redemption in whole</i> ), for the avoidance of doubt also accounting for the amounts of Available Revenue and Available Principal already held by the Issuer in the Issuer Accounts on the relevant Interest Payment Date, and pay any amounts payable in priority to the Notes or <i>pari passu</i> therewith under the Payments Priorities.
"Cash Manager Event"	has the meaning given to it on page 73.
"Capital and Interest Loan"	means a Mortgage Loan in respect of which the Borrower is required to make monthly payments of both interest and principal such that the principal amount of the Mortgage Loan will have been repaid in full by its maturity.
"Capitalised Arrears"	means, in relation to a Mortgage Loan, at any date, amounts of interest which are overdue in respect of that Mortgage Loan and which as at that date have been added to the principal balance in respect of such Mortgage Loan in accordance with the Mortgage Terms or otherwise at the discretion of the Seller, acting in accordance with any applicable regulatory obligations.

<b>"Cash Management Agreement"</b>	means the cash management agreement so named entered into on or about the Closing Date between the Cash Manager, the Issuer, the Trustee and the Seller (as the same may be amended, restated, supplemented, replaced and/or novated from time to time).
<b>"Cash Manager"</b>	means BOIUK in its capacity as Cash Manager or any successor Cash Manager appointed in accordance with the terms of the Cash Management Agreement.
<b>"CCA"</b>	means the Consumer Credit Act 1974, as amended.
<b>"Charged Property"</b>	means all the property of the Issuer which is subject to the Security.
<b>"Class" or "class"</b>	means, in relation to the Notes, each or any of the Class A Notes and the Class Z Notes, as the context may require.
<b>"Class A Noteholders"</b>	means the persons who for the time being are holders of the Class A Notes.
<b>"Class A Notes"</b>	means the £350,000,000 Class A mortgage backed floating rate Notes due 16 July 2065 (whether represented by Definitive Notes or a Global Note).
<b>"Class A Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class A Notes.
<b>"Class Z Noteholders"</b>	means the persons who for the time being are holders of the Class Z Notes.
<b>"Class Z Notes"</b>	means the £33,056,000 Class Z mortgage backed floating rate Notes due 16 July 2065 (whether represented by Definitive Notes or a Global Note).
<b>"Class Z Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class Z Notes.
<b>"Clearing System"</b>	means each of Euroclear and Clearstream, Luxembourg;
<b>"Clearstream, Luxembourg"</b>	Clearstream Banking, S.A. and any successor to its business.
<b>"Closing Date"</b>	means the date on which the Notes are to be, or as the case may be, have been, issued which shall be on or about 14 November 2023, or such other date as the Issuer and the Arranger may agree.
<b>"CMA"</b>	means the Competition & Markets Authority.
<b>"CML"</b>	means the Council of Mortgage Lenders;
<b>"Collection Account Bank"</b>	means National Westminster Bank plc acting in such capacity or its successor.
<b>"Collection Account Declaration of Trust"</b>	means the declaration of trust dated on or about the Closing Date in relation to the Collection Accounts and certain trust interests referred to therein and any subsequent declaration of trust so named, each being made by GovCo UK and/or BOIUK (as applicable).
<b>"Collection Accounts"</b>	means the accounts in the name of GovCo UK held with the Collection Account Bank into which payments received from Borrowers in respect of the Mortgage Loans are paid and <b>"Collection Account"</b> means any one of them.
<b>"Collection Period"</b>	means each period from (but excluding) the last day in the calendar month to (and including) the last day in the following calendar month;

<b>"Common Safekeeper"</b>	means the common safekeeper for Euroclear and Clearstream, Luxembourg.
<b>"Compounded Daily SONIA"</b>	has the meaning ascribed to it in the Conditions.
<b>"Conditions"</b>	means the terms and conditions of the Notes in, or substantially in, the form set out in Schedule 3 ( <i>Terms and Conditions</i> ) of the Trust Deed, as any of the same may from time to time be modified in accordance with the Trust Deed and any reference to a particular numbered Condition shall be construed accordingly.
<b>"Converted Mortgage Loan"</b>	means a Mortgage Loan which has been the subject of a Product Switch.
<b>"Corporate Services Agreement"</b>	means the agreement so named dated on or about the Closing Date between the Corporate Services Provider, the Share Trustee, Holdings, the Issuer and the Seller.
<b>"Corporate Services Provider"</b>	means CSC Capital Markets UK Limited (registered number 10780001), a private limited company incorporated under the laws of England and Wales, whose registered office is 10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU or such other person or persons for the time being acting as corporate services provider to the Issuer and Holdings under the Corporate Services Agreement.
<b>"CPUTR"</b>	means the Consumer Protection from Unfair Trading Regulations 2008.
<b>"CRA"</b>	means the Consumer Rights Act 2015.
<b>"Credit Support Annex"</b>	means any credit support annex executed in accordance with the provisions of the Fixed Rate Swap Agreement.
<b>"Critical Obligation Rating"</b>	means the rating assigned to a relevant entity by DBRS to address the risk of default of particular obligations and/or exposures of certain banks that have a higher probability of being excluded from bail-in and remaining in a continuing bank in the event of the resolution of a troubled bank than other senior unsecured obligations.
<b>"Data Protection Laws"</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) the EU GDPR;</li> <li>(b) the EU GDPR as it forms part of domestic law of the United Kingdom by virtue of the EUWA;</li> <li>(c) the Data Protection Act 2018; and</li> <li>(d) all other applicable data protection and data privacy laws and regulations,</li> </ul> <p>and the terms "Controller", "Data Subject", "Personal Data", "Personal Data Breach" and "Supervisory Authority" have the meanings given to those terms in the Data Protection Laws.</p>
<b>"Day Count Fraction"</b>	means, in respect of an Interest Period, the actual number of days in such period divided by 365.
<b>"DBRS"</b>	means DBRS Ratings Limited and includes any successor to its rating business.
<b>"DBRS Equivalent Rating"</b>	means with respect to the long-term senior debt ratings, (i) if a Fitch public rating, a Moody's public rating and an S&P public rating are all available, (a) the remaining rating (upon conversion on the basis of the DBRS Equivalent Chart) once the highest and lowest ratings have been excluded or (b) in the case of two

or more same ratings, any of such ratings (upon conversion on the basis of the DBRS Equivalent Chart); (ii) if the DBRS Equivalent Rating cannot be determined under paragraph (i) above, but public ratings by any two of Fitch, Moody's and S&P are available, the lower rating available (upon conversion on the basis of the DBRS Equivalent Chart); and (iii) if the DBRS Equivalent Rating cannot be determined under paragraph (i) or paragraph (ii) above and, therefore, only a public rating by one of Fitch, Moody's and S&P is available, such rating will be the DBRS Equivalent Rating (upon the conversion on the basis of the DBRS Equivalent Chart).

**"DBRS Equivalent Chart"**

means:

DBRS		Moody's		S&P		Fitch		Rating Strength
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Highest
AAA	R-1 H	Aaa	P-1	AAA	A-1+	AAA	F1+	Lowest
AA(high)	R-1 H	Aa1	P-1	AA+	A-1+	AA+	F1+	
AA	R-1 M	Aa2	P-1	AA	A-1+	AA	F1+	
AA(low)	R-1 M	Aa3	P-1	AA-	A-1+	AA-	F1+	
A(high)	R-1 L	A1	P-1	A+	A-1	A+	F1	
A	R-1 L	A2	P-1	A	A-1	A	F1	
A(low)	R-1 L	A3	P-2	A-	A-1	A-	F2	
BBB(high)	R-2 H	Baa1	P-2	BBB+	A-2	BBB	F2	
BBB	R-2 M	Baa2	P-3	BBB	A-2	BBB	F3	
BBB(low)	R-2 L	Baa3	P-3	BBB-	A-3	BBB-	F3	

**"Deed of Charge"**

means the deed so named entered into on or about the Closing Date between the Issuer and the Trustee, and any document expressed to be supplemental to the Deed of Charge.

**"Deferred Consideration"**

means an amount equal to the aggregate of the following amounts:

- (a) on each Interest Payment Date, the excess (if any) of any Available Revenue remaining after paying or providing for items in the relevant Payments Priorities ranking in priority to item (q) of the Pre-Enforcement Revenue Payments Priorities or item (j) of the Post-Enforcement Payments Priorities (as applicable);
- (b) on any date upon which Early Repayment Charges are received into the Collection Accounts, an amount equal to such Early Repayment Charges; and
- (c) on any date upon which Fee Receipts are received into the Collection Accounts, an amount equal to such Fee Receipts.

**"Deferred Interest"**

has the meaning ascribed to it in Condition 8.11 (*Interest Deferred*).

<b>"Definitive Notes"</b>	means any definitive note representing any of the Notes in, or substantially in the form set out in the Trust Deed.
<b>"Determination Period"</b>	has the meaning given to it in Condition 8.12 ( <i>Determinations and Reconciliation</i> ).
<b>"Early Repayment Charges"</b>	means any charges which a Borrower is required to pay in the event that the Borrower repays all or any part of the relevant Mortgage Loan before a specified date in the Mortgage Terms (for the avoidance of doubt, excluding the principal amount to be repaid and any Accrued Interest payable in respect of such Mortgage Loans).
<b>"EEA"</b>	means the European Economic Area.
<b>"Enforcement Notice"</b>	means a notice issued by the Trustee to the Issuer declaring the Notes to be due and repayable pursuant to Condition 13 ( <i>Events of Default</i> ).
<b>"Enforcement Procedures"</b>	means the exercise of the rights and remedies against a Borrower or in relation to the security for the Borrower's obligations arising from any default by the Borrower under or in connection with his or her Mortgage Loan or Related Security in accordance with the procedures described in the current arrears procedures manual of the Servicer or such other procedures as may be agreed from time to time by the Issuer with the Servicer in accordance with the practice of a Prudent Mortgage Lender or otherwise prescribed by law and " <b>completion of the Enforcement Procedures</b> " shall be deemed to have occurred in respect of a particular Mortgage Loan and its Related Security when as part of such Enforcement Procedures the Property securing the Mortgage Loan has been sold.
<b>"ESMA"</b>	means the European Securities and Markets Authority.
<b>"euro", "Euro" or "€"</b>	means the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty.
<b>"EUWA"</b>	means the European Union (Withdrawal) Act 2018 (as amended by the EU (Withdrawal Agreement) Act 2020).
<b>"EU Benchmark Regulation"</b>	means Regulation (EU) No. 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.
<b>"EU CRA Regulation"</b>	means Regulation (EC) No 1060/2009, as amended, of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.
<b>"EU CRR"</b>	means Regulation (EU) No 575/2013, otherwise known as the Capital Requirements Regulation.
<b>"EU EMIR"</b>	means Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 as amended by Regulation (EU) 2019/834 of the European Parliament and of the Council dated 20 May 2019
<b>"EU GDPR"</b>	means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.
<b>"EU LCR Regulation"</b>	means Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 supplementing Regulation (EU) 575/2013 with regard to the Liquidity Coverage Requirement for Credit Institutions, as amended.

<b>"EU Markets in Financial Instruments Directive"</b>	means the EU Directive 2004/39/EC.
<b>"EU MiFID II"</b>	means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.
<b>"EU MiFIR"</b>	means Regulation (EU) No 600/2014 (as amended or superseded).
<b>"EU Risk Retention Requirements"</b>	means the requirements set out in Articles 6 and 7 of the EU Securitisation Regulation.
<b>"EU Securitisation Regulation"</b>	means EU Securitisation Regulation (Regulation (EU) 2017/2402) as amended by Regulation (EU) No. 2021/557), and including the EU Securitisation Rules, in each case, as such regulation, standards, guidance or statements are in effect as of the date of this Prospectus or, to the extent any amendments to such regulation, standards, guidance or statements come into effect after the date of this Prospectus, as adopted by the Seller in its sole discretion from time to time.
<b>"EU Securitisation Rules"</b>	mean: (i) applicable regulatory and/or implementing technical standards or delegated regulations, made under the EU Securitisation Regulation (including any applicable transitional provisions); and/or (ii) any relevant guidance and policy statements relating to the application of the EU Securitisation Regulation published by the European Banking Authority (" <b>EBA</b> "), the ESMA, the European Insurance and Occupational Pensions Authority (" <b>EIOPA</b> ") (or their successor), collectively, the " <b>European Supervisory Authorities</b> " or " <b>ESAs</b> ", including any applicable guidance and policy statements issued by the Joint Committee of ESAs and/or the European Commission.
<b>"EU Solvency II Regulation"</b>	means Commission Delegated Regulation (EU) No 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of business of Insurance and Reinsurance (Solvency II), as amended.
<b>"Euroclear"</b>	means Euroclear Bank SA/NV and any successor to such business.
<b>"Event of Default"</b>	means any one of the events specified in Condition 13 ( <i>Events of Default</i> ) of the Notes.
<b>"Extraordinary Resolution"</b>	means: (a) 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 three quarters of the votes cast; or (b) a Written Resolution.
<b>"FATCA"</b>	means Sections 1471 through 1474 of the U.S. Internal Revenue Code.
<b>"FCA"</b>	means the United Kingdom Financial Conduct Authority (successor to the Financial Services Authority from 1 April 2013 and references to the FCA shall include references to the Financial Services Authority prior to 1 April 2013).
<b>"Fee Receipts"</b>	means amounts received from Borrowers in respect of specific servicing activities undertaken in respect of the Mortgage Loans following their origination in respect of which the relevant Borrower is obliged to pay a fee under the terms of the relevant Mortgage Loan.
<b>"Final Maturity Date"</b>	means the Interest Payment Date falling in July 2065.
<b>"Financial Ombudsman Service"</b>	means the scheme provided under Part XVI FSMA to investigate complaints against unauthorised persons (as defined in FSMA).
<b>"First Interest Payment Date"</b>	means the Interest Payment Date falling in April 2024.



<b>"Fitch"</b>	means Fitch Ratings Ltd and includes any successor to its rating business.
<b>"Fixed Rate Loan Balance"</b>	means, in respect of a Calculation Period, the aggregate adjusted Principal Balance of all Fixed Rate Loans less the aggregate Principal Balance of those Fixed Rate Loans which are six Monthly Payments or more in arrears on the last day of the Calculation Period immediately preceding the relevant Calculation Period, as notified to the Fixed Rate Swap Provider by the Servicer in accordance with the Servicing Agreement.
<b>"Fixed Rate Loans"</b>	means a Mortgage Loan the rate of interest on which is set at a fixed rate or a series of fixed rates by the Seller for a fixed initial period.
<b>"Fixed Rate Swap Agreement"</b>	means a fixed rate-SONIA swap entered into pursuant to the Fixed Rate Swap Agreement.
<b>"Fixed Rate Swap Agreement"</b>	means the agreement in the form of a 1992 ISDA Master Agreement (including a schedule thereto, a Credit Support Annex and one or more confirmations) dated on or about the Closing Date between the Issuer and the Fixed Rate Swap Provider (as the same may be amended, restated, supplemented, replaced and/or novated from time to time).
<b>"Fixed Rate Swap Provider"</b>	means Bank of Ireland (UK) plc in its capacity as fixed rate swap provider pursuant to the Fixed Rate Swap Agreement, and any replacement thereto in such capacity.
<b>"FPO"</b>	means the Financial Services and Markets Act (Financial Promotion) Order 2005.
<b>"FSMA"</b>	means the Financial Services and Markets Act 2000 (as amended).
<b>"FSMA 2023"</b>	means the Financial Services and Markets Act 2023.
<b>"Further Advance"</b>	means, in relation to a Mortgage Loan, any advance of further money following the making of the Initial Advance to a Borrower which is secured by the same Mortgage as the Initial Advance, but does not include the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage.
<b>"Further Advance Conditions"</b>	has the meaning given to this term on page 109.
<b>"Further Advance Consideration"</b>	means the consideration paid by the Issuer to the Seller for any Further Advance, being an amount equal to the principal amount of the Further Advance as at the Advance Date.
<b>"Further Advance Mortgage Loan"</b>	means a Mortgage Loan in relation to which a Further Advance is made.
<b>"Further Advance Satisfaction Date"</b>	has the meaning given to this term on page 110.
<b>"General Reserve Fund"</b>	means the reserve fund established on the Closing Date by the Issuer which will be initially funded by the Subordinated Loan Provider up to the General Reserve Fund Required Amount and which will subsequently be funded on each Interest Payment Date from Available Revenue in accordance with the Pre-Enforcement Revenue Payments Priorities.
<b>"General Reserve Fund Minimum Required Amount"</b>	means an amount equal £383,056 (being an amount equal to 0.1 per cent. of the Principal Balance of the Mortgage Loans in the Mortgage Portfolio on the Initial Mortgage Portfolio Cut-Off Date);

<b>"General Fund Amount"</b>	<b>Reserve Required</b>	means (a) on the Closing Date an amount equal to £5,250,000 (being an amount equal to 1.5 per cent. of the Principal Amount Outstanding of the Class A Notes as at the Closing Date), (b) on each Calculation Date, an amount equal to the greater of (i) 1.5 per cent. of the Principal Amount Outstanding of the Class A Notes on such date prior to deducting any repayments to be made on the related Interest Payment Date and (ii) the General Reserve Fund Minimum Required Amount and (c) zero on any date on or after the Class A Notes are fully repaid.
<b>"General Ledger"</b>	<b>Reserve</b>	means the ledger in the books of the Issuer so named and maintained by the Cash Manager on behalf of the Issuer.
<b>"General Release Amount"</b>	<b>Reserve</b>	means any amounts in excess of the General Reserve Fund Required Amount.
<b>"General Release Conditions"</b>	<b>Reserve</b>	has the meaning given to this term on page 142.
<b>"Global Note"</b>		has the meaning ascribed to it in Condition 3.2.
<b>"GovCo"</b>		means The Governor and Company of the Bank of Ireland, a chartered corporation incorporated in Ireland with limited liability (registered number C-1) having its head office at 40 Mespil Road, Dublin 4, Ireland;
<b>"GovCo UK"</b>		means The Governor and Company of the Bank of Ireland, acting through its UK Branch.
<b>"Group"</b>		means Bank of Ireland (UK) plc, together with its Subsidiaries.
<b>"HMRC"</b>		means His Majesty's Revenue and Customs.
<b>"holder"</b>		means the registered holder of a Note as entered in the Register in respect of that Note and the words <b>"holders"</b> and related expressions shall (where appropriate) be construed accordingly.
<b>"Holdings"</b>		means Bowbell No.3 Holdings Limited (registered number 15147362), a private limited company incorporated under the laws of England and Wales, whose registered office is at 10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU.
<b>"ICSDs"</b>		means Clearstream, Luxembourg and Euroclear.
<b>"In Arrears" or "in arrears"</b>		means, in respect of a Mortgage Loan, that one or more Monthly Payments in respect of such Mortgage Loan have become due and remain unpaid (either in whole or in part) by a Borrower.
<b>"Incorporated Terms Memorandum"</b>		means the memorandum so named dated on or about the Closing Date and signed for the purpose of identification by each of the Transaction Parties.
<b>"Initial Advance"</b>		means in relation to a Mortgage Loan, the original principal amount advanced to the relevant Borrower including the amount of any retention advanced to the relevant Borrower after completion of the Mortgage and does not include any: (a) Further Advance; or (b) Early Repayment Charge.
<b>"Initial Consideration"</b>		means an amount equal to the aggregate of the Principal Balance in relation to each Mortgage Loan on the Initial Mortgage Portfolio Cut-Off Date.
<b>"Initial Mortgage Portfolio Cut-Off Date"</b>		means 31 October 2023.
<b>"Insolvency Act"</b>		means the Insolvency Act 1986.

**"Insolvency Event"**

in respect of a company means:

- (a) such company is unable or admits its inability to pay its debts as they fall due (after taking into account any grace period or permitted deferral), or suspends making payments on any of its debts; or
- (b) the value of the assets of such company is less than the amount of its liabilities, taking into account its contingent and prospective liabilities; or
- (c) the company takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or a moratorium is declared in respect of any of its indebtedness; or
- (d) the commencement of negotiations with one or more creditors of such company with a view to rescheduling any indebtedness of such company other than in connection with any refinancing in the ordinary course of business; or
- (e) any corporate action, legal proceedings or other procedure or step is taken in relation to:
  - (i) the appointment of an Insolvency Official in relation to such company or in relation to the whole or any part of the undertaking or assets of such company; or
  - (ii) an encumbrancer or other security holder (excluding, in relation to the Issuer, the Trustee or any Receiver) taking possession of (or otherwise enforcing any Security over) the whole or any part of the undertaking or assets of such company; or
  - (iii) the making of an arrangement, composition, or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditor of such company, a reorganisation of such company, a conveyance to or assignment for the creditors of such company generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally other than in connection with any refinancing in the ordinary course of business; or
  - (iv) any distress, execution, diligence, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of such company (excluding, in relation to the Issuer, by the Trustee or any Receiver); or
- (f) an order being made or an effective resolution being passed for the winding-up of the company except, in the case of the Issuer, a winding-up for the purposes of or pursuant to an amalgamation, restructuring or merger the terms of which have been previously approved by the Trustee in writing or by an Extraordinary Resolution of the holders of the Most Senior Class; or
- (g) any procedure or step is taken, or any event occurs, analogous to those set out in (a)-(f) above, in any jurisdiction.

**"Insolvency Official"**

means, in relation to a company, a liquidator, (except, in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class) provisional liquidator, administrator, administrative receiver, receiver, receiver

or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction.

- "Insurance Policies"** means:
- (a) all buildings insurance policies relating to freehold Properties which have been taken out in the name of the relevant Borrower in accordance with the applicable Mortgage Terms or the recommendations contained in the Offer Conditions provided by the Seller to Borrowers who elect to arrange independent buildings insurance for their Properties;
  - (b) all landlord's buildings insurance policies relating to leasehold Properties;
  - (c) any insurance policy of the Seller which is intended to cover financial loss incurred by the Seller in respect of a Mortgage Loan in relation to which adequate insurance of the related Property has not been arranged by the relevant Borrower (each a "**Block Policy**"); and
  - (d) any properties in possession insurance policy which is intended to indemnify against financial loss incurred in respect of any Property where the relevant Property is taken into possession by the Seller, to the extent such policy relates to the Mortgage Loans (each a "**Properties in Possession Policy**").
- "Interest Amount"** means in respect of a Note for any Interest Period the amount of interest calculated on the related Interest Determination Date in respect of such Note for such Interest Period by:
- (a) multiplying the Principal Amount Outstanding of such Note on the Interest Payment Date coinciding with such Interest Determination Date by the relevant Note Rate; and
  - (b) then multiplying the amount so calculated in paragraph (a) above by the relevant Day Count Fraction and rounding the resultant figure down to the nearest one penny.
- "Interest Determination Date"** means the third London Banking Day prior to the end of each Interest Period (and such date shall be the "**related Interest Determination Date**" in respect of such Interest Period).
- "Interest Payment Date"** means the 16<sup>th</sup> day July, October, January and April in each year commencing on the First Interest Payment Date, provided that if any such day is not a Business Day, the Interest Payment Date shall be the immediately succeeding Business Day.
- "Interest Period"** means the period from (and including) an Interest Payment Date to but excluding the next succeeding Interest Payment Date (except in the case of the first Interest Period, where it shall be the period from (and including) the Closing Date to (but excluding) the First Interest Payment Date).
- "Issuer"** means Bowbell No.3 PLC (registered number 15147978), a public limited company incorporated under the laws of England and Wales, whose registered office is at 10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU.
- "Issuer Accounts"** means the Transaction Account and any Swap Collateral Account and "**Issuer Account**" means any of them and any additional or replacement bank accounts held in the name of the Issuer from time to time with the prior written consent of the Trustee.

<b>"Issuer Profit Amount"</b>	means for the first accounting reference period of the Issuer, determined in accordance with Chapter 3, Part 15 Companies Act 2006, an aggregate of £1,200 in equal instalments on each Interest Payment Date falling within that accounting reference period, and £250 on each Interest Payment Date thereafter in each case to be credited to Issuer Profit Ledger of the Transaction Account and to be retained by the Issuer as profit in respect of the business of the Issuer.
<b>"Issuer Profit Ledger"</b>	means the ledger of the Transaction Account so named in the books of the Issuer and maintained by the Cash Manager on behalf of the Issuer.
<b>"Joint Lead Managers"</b>	means Banco Santander, S.A. and BofA Securities
<b>"Land Registry"</b>	means the body responsible for recording details of land in England and Wales.
<b>"Lenders' Handbook"</b>	means the CML/UK Finance Mortgage Lenders' Handbook.
<b>"Lending Criteria"</b>	means the criteria contained in the Mortgage Sale Agreement or such other criteria as would be acceptable to a Prudent Mortgage Lender.
<b>"Liabilities"</b>	has the meaning given to it in the Conditions.
<b>"Loan Files"</b>	means the file or files relating to each Mortgage Loan (including files kept in microfiche format or similar electronic data retrieval system or the substance of which is transcribed and held on an electronic data retrieval system) containing inter alia correspondence between the Borrower and the Seller and including mortgage documentation applicable to the Mortgage Loan, each letter of offer for that Mortgage Loan, the Valuation Report (if applicable) and, to the extent available, the solicitor's or licensed conveyancer's certificate of title.
<b>"London Stock Exchange"</b>	means the London Stock Exchange plc.
<b>"LTV", "LTV Ratio" or "loan-to-value ratio"</b>	means the ratio (expressed as a percentage) of the Principal Balance of a Mortgage Loan to: (i) where no Further Advance has been made, the lesser of the valuation (as provided in the relevant Valuation Report) or purchase price of the Property; or (ii) where a Further Advance has been made, the valuation prepared for such Further Advance.
<b>"Main Market"</b>	means the Main Market of the London Stock Exchange.
<b>"Maturity Date"</b>	means, in respect of a class of Notes, the Final Maturity Date, or such other date on which the Notes are redeemed in full.
<b>"MCD"</b>	means the Mortgage Credit Directive (Directive 2014/17/EU) published in the Official Journal of the European Union on 28 February 2018.
<b>"MCD Order"</b>	means the UK legislation transposing the MCD, which entered into force on 31 March 2016.
<b>"MCOB"</b>	means the FCA's Mortgages and Home Finance: Conduct of Business sourcebook, as the same may be amended, revised or supplemented from time to time.
<b>"Meeting"</b>	means a meeting of Noteholders of any class or classes (whether originally convened or resumed following an adjournment).
<b>"Modification Certificate"</b>	has the meaning given to it in Condition 17.2 ( <i>Additional Right of Modification</i> ).
<b>"Monthly Investor Report"</b>	means the monthly report prepared by the Cash Manager in accordance with the Cash Management Agreement.

<b>"Monthly Payment"</b>	means the amount which the relevant Mortgage Terms require a Borrower to pay on each Monthly Payment Date in respect of that Borrower's Mortgage Loan.
<b>"Monthly Payment Date"</b>	means the date on which interest (and principal in relation to a repayment mortgage) is due to be paid by a Borrower on a Mortgage Loan or, if any such day is not a Business Day, the next following Business Day, except where such next following Business Day falls in a different month in which case, the preceding Business Day.
<b>"Mortgage"</b>	means a first charge by way of legal mortgage governed by English law and secured over a Property situated in England or Wales.
<b>"Mortgage Sale Agreement"</b>	means the mortgage sale agreement so named dated on or about the Closing Date between among others, the Seller, the Issuer and the Trustee.
<b>"Mortgage Conditions" or "Mortgage Terms"</b>	means the terms and conditions applicable to a Mortgage Loan, as contained in the Seller's Mortgage Conditions booklet for England and Wales applicable from time to time.
<b>"Mortgage Loan"</b>	means a residential mortgage loan, governed by English law and secured by one or more Mortgages and other Related Security, and any Further Advances made relating to the same Property (whether or not secured by the same Mortgage and Related Security) in the Mortgage Portfolio.
<b>"Mortgage Loan Repurchase Notice"</b>	means a notice substantially in the form set out in Schedule 8 ( <i>Form of Mortgage Loan Repurchase Notice</i> ) to the Mortgage Sale Agreement.
<b>"Mortgage Policies and Procedures"</b>	means the policies and procedures of the Originator from time to time in relation to the Mortgage Loans and the Related Security and the origination, administration and enforcement thereof including as to the course of conduct to be followed if the Borrower falls into arrears on his monthly payments and the exercise of any of the Originator's rights and powers under the Mortgages and Related Security as employed to procure the performance by a Borrower of its obligations under the relevant Mortgage Loan and Related Security and including the Enforcement Procedures.
<b>"Mortgage Portfolio"</b>	means the portfolio of Mortgage Loans, Further Advances, Mortgages and other Related Security and all Rights, Ancillary Rights, interest, Benefit, income and payments in relation thereto sold by the Seller to the Issuer on the Closing Date and on each relevant Advance Date pursuant to the Mortgage Sale Agreement, but excluding, from time to time, (for the avoidance of doubt) each Mortgage Loan and its Related Security which is repurchased by the Seller pursuant to the Mortgage Sale Agreement.
<b>"Mortgage Regulation Date"</b>	means the date when regulation of residential mortgage business by the FCA under the FSMA came into force in the United Kingdom on 31 October 2004.
<b>"Mortgage Terms"</b>	means all of the terms and conditions applicable to a Mortgage Loan, including without limitation the applicable Mortgage Conditions and Offer Conditions.
<b>"Most Senior Class"</b>	means: <ul style="list-style-type: none"> <li>(a) the Class A Notes whilst they remain outstanding; and</li> <li>(b) when no Class A Notes remain outstanding, thereafter the Class Z Notes.</li> </ul>
<b>"Net Revenue"</b>	means, for each Interest Payment Date, the aggregate Revenue Receipts collected during the related Calculation Period <i>less</i> amounts collected during the related Calculation Period which are Third Party Amounts.

<b>"Non-Performing Mortgage Loan"</b>	means a Mortgage Loan in respect of which the Seller has determined that a default has occurred with respect to the relevant Borrower within the meaning of Article 178 of the UK CRR or the EU CRR (including in each case, without limitation, any associated regulatory technical standards, supervisory statements, rules, advice, guidance or recommendations from any competent authority or relevant regulators and as the same may be amended, restated, supplemented, replaced and/or novated from time to time).
<b>"Note Rate"</b>	for each Interest Period means in respect of each class of Notes, Compounded Daily SONIA determined as at the related Interest Determination Date in respect of the relevant Interest Period plus the Relevant Margin in respect of such class.
<b>"Noteholders"</b>	means the Class A Noteholders and the Class Z Noteholders or, where the context otherwise requires, the holders of Notes of a particular class or classes.
<b>"Notes"</b>	means the Class A Notes and the Class Z Notes and <b>"Note"</b> means any of them.
<b>"Observation Period"</b>	has the meaning given to it in the Conditions.
<b>"Offer Conditions"</b>	means the terms and conditions applicable to a specified Mortgage Loan as set out in the relevant offer letter to the Borrower.
<b>"Official List"</b>	means the official list of the FCA.
<b>"OFT"</b>	means the Office of Fair Trading in the UK.
<b>"Ombudsman"</b>	means the Financial Ombudsman Service.
<b>"outstanding"</b>	has the meaning given to this term in Condition 2.1.
<b>"Overpayment"</b>	means, in relation to a payment by a Borrower in an amount greater than the scheduled Monthly Payment then due on the relevant Mortgage Loan, or a one-off payment by a Borrower of amounts in respect of principal not then due and payable in respect of such Mortgage Loan, the amount by which such payment exceeds the scheduled Monthly Payments then due in respect of such Mortgage Loan.
<b>"p.a."</b>	means per annum.
<b>"Participants"</b>	has the meaning given to this term on page 149.
<b>"Paying Agents"</b>	means the principal paying agent and the paying agents named in the Agency Agreement together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Agency Agreement.
<b>"Payments Priorities"</b>	means the Pre-Enforcement Payments Priorities and the Post-Enforcement Payments Priorities.
<b>"Post-Enforcement Amounts"</b>	has the meaning given to this term on page 145.
<b>"Post-Enforcement Payments Priorities"</b>	means the order of priority of payments named as such and set out for reference on page 145.
<b>"Post Step-Up Date Mortgage Portfolio Repurchase"</b>	means the repurchase of all of the Mortgage Loans by the Seller pursuant to Clause 7.1 of the Mortgage Sale Agreement.
<b>"Potential Event of Default"</b>	means any event which may become (with the passage of time, the giving of notice, the making of any determination or any combination thereof) an Event of Default.

<b>"Power of Attorney Event"</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) the occurrence of an Insolvency Event in relation to Bank of Ireland (UK) plc;</li> <li>(b) Bank of Ireland (UK) plc is in breach of its obligations to enforce the terms of any Mortgage Loan pursuant to the Servicing Agreement, provided that: (a) if such breach is capable of remedy, such breach has continued unremedied for 30 days after the earlier of Bank of Ireland (UK) plc becoming aware of the breach and the date on which written notice from the Issuer or Trustee of such breach, requiring the same to be remedied, shall have been given to Bank of Ireland (UK) plc; and (b) in the opinion of the Trustee such breach is materially prejudicial to the Noteholders;</li> <li>(c) Bank of Ireland (UK) plc is in breach of any other obligation pursuant to the Servicing Agreement and, if such breach is capable of remedy, fails to remedy such breach within 60 days after the earlier of becoming aware of the breach and receiving written notice from the Issuer or the Trustee requiring the same to be remedied, but only if in the opinion of the Trustee such breach is materially prejudicial to the Noteholders; or</li> <li>(d) Bank of Ireland (UK) plc is no longer able to perform any of its material servicing obligations pursuant to the Servicing Agreement, except where no other person could lawfully perform such obligations.</li> </ul>
<b>"Pre-Enforcement Payments Priorities"</b>	means the Pre-Enforcement Revenue Payments Priorities and the Pre-Enforcement Principal Payments Priorities.
<b>"Pre-Enforcement Revenue Payments Priorities"</b>	means the order of priority of payments named as such and set out for reference on page 142.
<b>"Pre-Enforcement Principal Payments Priorities"</b>	means the order of priority of payments named as such and set out for reference on page 145.
<b>"Principal Amount Outstanding"</b>	<p>means, on any day:</p> <ul style="list-style-type: none"> <li>(a) in relation to a Note, the principal amount outstanding of that Note as at the Closing Date, less the aggregate of any principal payments in respect of that Note which have been paid on or prior to that day;</li> <li>(b) in relation to a class, the aggregate of the amount in (a) in respect of all Notes outstanding in such class; and</li> <li>(c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of class.</li> </ul>
<b>"Principal Balance"</b>	<p>means, in respect of a Mortgage Loan on any date (the "<b>determination date</b>"), the aggregate balance of the Mortgage Loan on such date which shall comprise the following (without double counting):</p> <ul style="list-style-type: none"> <li>(a) the Initial Advance;</li> <li>(b) each Further Advance; and</li> <li>(c) Capitalised Arrears;</li> </ul> <p>less</p>



	(d) any prepayment, repayment or payment of the foregoing made on or prior to the determination date.
<b>"Principal Deficiency Ledger"</b>	means the principal deficiency ledger comprising the Class A Principal Deficiency Sub-Ledger and the Class Z Principal Deficiency Sub-Ledger maintained by the Cash Manager on behalf of the Issuer which records on it all deficiencies arising from Principal Losses allocated to the Notes and Available Principal used to pay a Remaining Revenue Shortfall.
<b>"Principal Ledger"</b>	means the ledger in the books of the Issuer so named and maintained by the Cash Manager on behalf of the Issuer.
<b>"Principal Losses"</b>	means any losses arising in relation to a Mortgage Loan (including any Set-Off Losses).
<b>"Principal Paying Agent"</b>	means Elavon Financial Services DAC, U.K. Branch in its capacity as principal paying agent in accordance with the terms of the Agency Agreement or any successor appointed from time to time in connection with the Notes under the Agency Agreement.
<b>"Principal Receipts"</b>	has the meaning given to this term on page 144.
<b>"Product Period"</b>	has the meaning given to this term on page 93.
<b>"Product Switch"</b>	has the meaning given to this term on page 96.
<b>"Product Switch Conditions"</b>	has the meaning given to this term on page 111.
<b>"Property"</b>	means a freehold, leasehold or commonhold which is subject to a Mortgage.
<b>"Prospectus"</b>	means this prospectus of the Issuer for the purposes of the Prospectus Regulation.
<b>"Prospectus Regulation"</b>	means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.
<b>"Provisional Mortgage Portfolio"</b>	has the meaning given to this term on page 65.
<b>"Provisional Mortgage Portfolio Cut-Off Date"</b>	means 31 July 2023.
<b>"Provisions for Meetings of Noteholders"</b>	has the meaning given to that term in the Conditions.
<b>"Prudent Mortgage Lender"</b>	means a reasonably prudent residential mortgage lender lending to borrowers in England and Wales who generally satisfy the lending criteria of traditional sources of residential mortgage capital.
<b>"Purchaser"</b>	has the meaning given to this term on page 197.
<b>"Qualified Institution"</b>	means an institution which: <ul style="list-style-type: none"> <li>(a) is a bank within the meaning of section 991 of the Income Tax Act 2007 and for the purposes of section 878 of the Income Tax Act 2007 and which pays interest under any relevant Issuer Document in the course of its business; and</li> <li>(b) at all times has the Required Rating.</li> </ul>

<b>"Quarterly Investor Report"</b>	means the report prepared by the Cash Manager in respect of each Calculation Period in accordance with the Cash Management Agreement.
<b>"Ratings Confirmation"</b>	has the meaning given to this term on page 16.
<b>"Realisation"</b>	has the meaning given to this term in Condition 10 ( <i>Limited Recourse</i> ).
<b>"Receiver"</b>	means any receiver, manager, receiver or manager or administrative receiver appointed in respect of the Issuer by the Trustee in accordance with Clause 17 ( <i>Appointment and Removal of Administrator Receiver</i> ) of the Deed of Charge.
<b>"Reconciliation Amount"</b>	means in respect of a Determination Period: (i) the actual Principal Receipts as determined in accordance with the available Servicer Reports; less (ii) the Principal Receipts in respect of such Determination Period as determined in accordance with Condition 8.12(b)(iii) ( <i>Determinations and Reconciliation</i> ).
<b>"Record Date"</b>	has the meaning given to this term in Condition 11.3 ( <i>Record Date</i> ).
<b>"Redemption Fee"</b>	means the standard redemption fee charged to the Borrower by the Seller where the Borrower makes a repayment of the full outstanding principal of a Mortgage Loan.
<b>"Register"</b>	means the register on which the names and addresses of the holders of the Notes and the particulars of the Notes shall be entered and kept by the Issuer at the Specified Office of the Registrar.
<b>"Registered Land Transfers"</b>	means a transfer of legal title to a Mortgage Loan and/or Mortgage made or to be made pursuant to Clause 10.2 ( <i>Perfection Acts</i> ) of the Mortgage Sale Agreement.
<b>"Registrar"</b>	means the party responsible for the registration of the Notes, which at the Closing Date is Elavon Financial Services DAC, UK Branch acting in such capacity pursuant to the Agency Agreement.
<b>"Regulated Activities Order"</b>	means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended).
<b>"Regulated Mortgage Contract"</b>	means an agreement under FSMA where, at the time it is entered into on or after the Mortgage Regulation Date: (a) the borrower is an individual or trustee; (b) the contract provides for the obligation of the borrower to repay to be secured by a mortgage on land (other than timeshare accommodation) in the UK; and (c) at least 40 per cent. of that land is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a related person.
<b>"Regulation S" or "Reg S"</b>	means Regulation S under the Securities Act.
<b>"Related Security"</b>	means, in relation to a Mortgage Loan, the security granted for the repayment of that Mortgage Loan by the relevant Borrower including the relevant Mortgage and all other matters applicable thereto including.
<b>"Relevant Margin"</b>	means in respect of an Interest Period: <ul style="list-style-type: none"> <li>(a) for the Class A Notes, 0.58 per cent. per annum for each Interest Period up to and excluding the Interest Period commencing on the Step-Up Date and thereafter 0.87 per cent. per annum; and</li> <li>(b) for the Class Z Notes, 0 per cent. per annum for each Interest Period.</li> </ul>
<b>"Remaining Revenue Shortfall"</b>	means for each Calculation Date, the extent, if any, by which Available Revenue (excluding for these purposes the amount referred to in paragraph (j) in the

definition thereof) is insufficient to pay items (a) to (f) of the Pre-Enforcement Revenue Payments Priorities in full.

**"Replacement Swap Premium"** means any amount to be paid by the Issuer to a replacement fixed rate swap provider, or received by the Issuer from a replacement fixed rate swap provider upon entry by the Issuer into a swap agreement with such replacement fixed rate swap provider to replace the Fixed Rate Swap, as the case may be.

**"Reporting Websites"** means:

(a) in accordance with Article 10 of the UK Securitisation Regulation, on a securitisation repository at <https://editor.eurodw.co.uk/deals/view?edcode=RMBSUK102077500320234>; and

(b) in respect of its obligation to comply with the EU Securitisation Regulation, on a securitisation repository at <https://editor.eurodw.eu/deals/ukdeals/view?edcode=RMBSUK102077500320234> (such publication being deemed to comply with Article 10 of the EU Securitisation Regulation),

each being a website which conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation and is deemed to comply with Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Seller) respectively, 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 and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Seller) respectively.

**"repurchase"** means, in relation to a Mortgage Loan and its Related Security comprised in the Mortgage Portfolio the sale by the Issuer to the Seller of the beneficial title and interest in (and, following the occurrence of a Perfection Event, the legal title to) such Mortgage Loan together with its Related Security in accordance with the Mortgage Sale Agreement (and the word **"repurchased"** shall be construed accordingly).

**"Repurchase Completion Date"** has the meaning given to this term in Clause 13.1.4 (*Repurchase of Mortgage Loans*) of the Mortgage Sale Agreement.

**"Repurchase Price"** means, in relation to a repurchase of a Mortgage Loan, an amount equal to the Principal Balance plus Accrued Interest and all Arrears of Interest in relation to such Mortgage Loan at the close of business on the Business Day preceding the date of completion of such repurchase less, in the case of a Further Advance Mortgage Loan, any Further Advance Consideration not received from the Issuer by the Seller in respect of a Further Advance, plus reasonable fees and expenses payable thereon to the date of repurchase or, in the case of a Post Step-Up Date Mortgage Portfolio Repurchase, an amount equal to the Call Option Price.

**"Required Rating"** means:

(a) a short-term issuer default rating of at least F1 or a long-term issuer default rating of at least A by Fitch;

(b) a long-term deposit rating or a long-term issuer rating of at least A3 by Moody's; and

(c) the higher of: (i) if a Critical Obligation Rating is currently maintained in respect of the relevant entity, a rating one notch below that entity's Critical Obligation Rating, being a rating of "A" from DBRS, (ii) a long-term senior unsecured debt rating or issuer rating of "A" from DBRS and (iii) a long-term deposit rating of "A" from DBRS or (iv) if none of (i),

(ii) or (iii) above are currently maintained or the relevant entity is not rated by DBRS, at least a DBRS Equivalent Rating of at least "A",

or such other rating as is consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes.

<b>"Reserved Matter"</b>	has the meaning given to this term in Condition 2.1.
<b>"Revenue Ledger"</b>	means the ledger in the books of the Issuer so named and maintained by the Cash Manager on behalf of the Issuer.
<b>"Retained Fees"</b>	means the fees and receipts referred to in paragraphs (b) and (c) of the definition of "Deferred Consideration".
<b>"Revenue Receipts"</b>	has the meaning given to this term on page 140.
<b>"Revenue Shortfall"</b>	means for each Calculation Date, the amount, if any, by which Available Revenue (excluding for these purposes any amounts referred to paragraphs (i) and (j) in the definition thereof) is insufficient to pay items (a) to (g) of the Pre-Enforcement Revenue Payments Priorities in full.
<b>"Revenue Surplus"</b>	means for each Calculation Date, the amount, if any, by which Available Revenue exceeds the aggregate amounts payable by the Issuer on the related Interest Payment Date, if such Interest Payment Date is on or following the Step-Up Date, under items (a) to (j) (inclusive) of the Pre-Enforcement Revenue Payments Priorities.
<b>"Revenue Surplus Ledger"</b>	means the ledger maintained by the Cash Manager on behalf of the Issuer which records on it as a debit all Revenue Surplus equal to the Revenue Surplus Required Amount.
<b>"Revenue Surplus Required Amount"</b>	means: <ul style="list-style-type: none"><li>(a) for so long as the Class A Notes are outstanding on such date, the lower of (i) the Principal Amount Outstanding of the Class A Notes (taking into account any repayment of such Class A Notes on such date) and (ii) the Revenue Surplus; or</li><li>(b) if no Class A Notes are outstanding on such date, zero.</li></ul>
<b>"Risk Retention U.S. Persons"</b>	means any "U.S. Person" as defined in the U.S. Risk Retention Rules.
<b>"RTB Loan"</b>	means a mortgage loan extended to a borrower in connection with the purchase by the borrower of a property from a local authority or certain other land, under the "right-to-buy" schemes governed by the Housing Act 1985 (as amended by the Housing Act 2004) where the period during which a statutory charge referred to in Section 156 of the Housing Act 1985 has not expired.
<b>"Secured Amounts"</b>	means any and all of the monies and liabilities which the Issuer covenants to pay or discharge under the Deed of Charge and all other amounts owed by it to each of the Secured Creditors under and pursuant to the relevant Transaction Documents.
<b>"Secured Creditors"</b>	means the Trustee (in its own capacity and as trustee on behalf of the following creditors of the Issuer), the Corporate Services Provider, the Account Bank, the Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Seller, the Noteholders, any Receiver or Appointee appointed by the Trustee, the Agent Bank, the Paying Agents, the Transfer Agent, the Registrar, the Fixed Rate Swap Provider and the Subordinated Loan Provider.

<b>"Securities Act"</b>	means the United States Securities Act of 1933, as amended.
<b>"Security"</b>	means the security granted by the Issuer to the Trustee under and pursuant to the Deed of Charge for the benefit of the Secured Creditors.
<b>"Seller"</b>	means BOIUK acting in its capacity as seller of the Mortgage Loans and their Related Security.
<b>"Seller Asset Warranties"</b>	means the representations and warranties in respect of the Mortgage Loans as set out in the Mortgage Sale Agreement and given by the Seller.
<b>"Seller Power of Attorney"</b>	means the power of attorney granted by the Seller in favour of the Issuer and the Trustee contained in the Mortgage Sale Agreement.
<b>"Senior Expenses"</b>	means expenses of the Issuer which rank at items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities or items (a) to (c) in the Post-Enforcement Payments Priorities (as applicable).
<b>"Servicer"</b>	means BOIUK in its capacity as servicer pursuant to the Servicing Agreement or such other person as may from time to time be appointed as replacement servicer of the Mortgage Loans pursuant to the Servicing Agreement.
<b>"Servicer Failure Reserve Fund"</b>	means the reserve fund established upon the occurrence and continuance of a Servicer Report Failure Event which will be funded on each relevant Interest Payment Date from Available Revenue in accordance with the Pre-Enforcement Revenue Payments Priorities.
<b>"Servicer Failure Reserve Ledger"</b>	means the ledger in the books of the Issuer so named and maintained by the Cash Manager on behalf of the Issuer.
<b>"Servicer Report"</b>	means a report to be provided by the Servicer in respect of each Calculation Period in accordance with the terms of the Servicing Agreement.
<b>"Servicer Report Failure Event"</b>	means, in relation to an Interest Payment Date, any occasion where the Servicer has failed to deliver a Servicer Report in relation to any of the preceding Calculation Periods in accordance with the Servicing Agreement and such failure is continuing on the related Calculation Date.
<b>"Servicer Termination Event"</b>	has the meaning given to this term on page 126.
<b>"Servicing Agreement"</b>	means the agreement so named dated on or about the Closing Date between the Issuer, the Servicer, the Seller, the Trustee and the Back-Up Servicer Facilitator.
<b>"Servicing Services"</b>	means the services to be performed by the Servicer pursuant to the Servicing Agreement.
<b>"Set-Off Losses"</b>	means any reduction in Principal Receipts as a result of Borrowers exercising set-off rights against the Seller.
<b>"Share Trust Deed"</b>	means the declaration of trust dated 2 October 2023 pursuant to which the Share Trustee holds the beneficial interest in the entire issued share capital of Holdings on discretionary trust.
<b>"Share Trustee"</b>	means CSC Corporate Services (UK) Limited (registered number 10831084), a company incorporated under the laws of England and Wales, whose principal office is at 10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU.
<b>"Significant Deposit Loan"</b>	means a Mortgage Loan where the Borrower has a deposit holding with the Seller which exceeds the maximum deposit limit covered under the Financial Services Compensation Scheme.

<b>"Specified Office"</b>	has the meaning given to this term in Clause 13.8 ( <i>Changes in Specified Offices</i> ) of the Agency Agreement.
<b>"Standard Documentation"</b>	means the standard documentation, a list of which is set out in the Mortgage Sale Agreement.
<b>"Standard Variable Rate"</b>	means the variable base rate applicable to Variable Rate Loans in the Mortgage Portfolio as set, other than in limited circumstances, by the Servicer from time to time in accordance with the terms of the Servicing Agreement.
<b>"Step-Up Date"</b>	means the Interest Payment Date falling in April 2028.
<b>"Sterling" and "£"</b>	denote the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.
<b>"Subordinated Loan"</b>	has the meaning given to this term on page 134.
<b>"Subordinated Loan Agreement"</b>	means the subordinated loan agreement so named dated on or about the Closing Date between the Issuer, the Subordinated Loan Provider and the Trustee.
<b>"Subordinated Loan Provider"</b>	means BOIUK in its capacity as Subordinated Loan provider pursuant to the Subordinated Loan Agreement.
<b>"Subscription Agreement"</b>	means the agreement so named dated on or about the date of this Prospectus between the Issuer, the Seller, the Arranger and the Joint Lead Managers.
<b>"Swap Collateral"</b>	means any cash or securities (and any interest, distributions and/or liquidation proceeds thereon (as applicable)) transferred by the Fixed Rate Swap Provider to the Issuer on any date pursuant to the terms of the Credit Support Annex that has not been returned to the Fixed Rate Swap Provider pursuant to the terms of the Fixed Rate Swap Agreement.
<b>"Swap Collateral Account"</b>	means the account or accounts in the name of the Issuer so named and maintained by the Cash Manager on behalf of the Issuer in which all Swap Collateral is held by the Issuer.
<b>"Swap Early Termination Event"</b>	has the meaning given to this term on page 136.
<b>"Swap Excluded Payments"</b>	means any payment by the Issuer to the Fixed Rate Swap Provider relating to: (a) Swap Tax Credits; (b) payments or deliveries due under the Credit Support Annex; or (c) termination payments to the extent such payment can be funded from Swap Excluded Receipts or replacement swap fees to the extent such fees can be funded from Swap Excluded Receipts, in accordance with the Fixed Rate Swap Agreement.
<b>"Swap Excluded Receipts"</b>	means: <ul style="list-style-type: none"> <li>(a) Swap Tax Credits;</li> <li>(b) Swap Collateral;</li> <li>(c) Replacement Swap Premium, to the extent required to make any payment due to the Fixed Rate Swap Provider in respect of an Early Termination Date (as defined in the Fixed Rate Swap Agreement) designated under the Fixed Rate Swap Agreement; and</li> <li>(d) any payment received from the Fixed Rate Swap Provider in respect of an Early Termination Date (as defined in the Fixed Rate Swap Agreement) designated under the Fixed Rate Swap Agreement (whether such payment is received by way of payment of cash or by applying Swap Collateral to discharge the early termination payment in respect of</li> </ul>

any Early Termination Date), to the extent such payment is required to pay a replacement fixed rate swap provider to enter into a replacement swap.

<b>"Swap Provider Downgrade Event"</b>	means the occurrence of an Additional Termination Event (as defined in the Fixed Rate Swap Agreement) following the failure by the Fixed Rate Swap Provider to take the required remedial action in accordance with the requirements of the ratings downgrade provisions set out in the Fixed Rate Swap Agreement.
<b>"Swap Rate Modification"</b>	has the meaning given to it in Condition 17.2(g) ( <i>Additional Right of Modification</i> ).
<b>"Swap Senior Amounts"</b>	means all amounts payable to the Fixed Rate Swap Provider which rank at item (e) of the Pre-Enforcement Revenue Payments Priorities or item (d) in the Post-Enforcement Payments Priorities (as applicable).
<b>"Swap Subordinated Amount"</b>	means any termination payment due to the Fixed Rate Swap Provider which arises due to the termination of the Fixed Rate Swap, after the application of Swap Excluded Payments, as a result of either: (i) an Event of Default where the Fixed Rate Swap Provider is the Defaulting Party (as such terms are defined in the Fixed Rate Swap Agreement); or (ii) the Swap Provider Downgrade Event.
<b>"Swap Tax Credits"</b>	means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Fixed Rate Swap Provider to the Issuer or a reduced payment from the Issuer to the Fixed Rate Swap Provider.
<b>"Tax Deduction"</b>	means any deduction or withholding for or on account of Tax.
<b>"Third Party Amounts"</b>	means, in relation to Revenue Receipts, amounts which properly belong to third parties such as (but not limited to): <ul style="list-style-type: none"><li>(a) payments of certain insurance premia where such cash amounts have been paid by the relevant Borrower and form part of Revenue Receipts;</li><li>(b) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer's account; and</li><li>(c) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower or the Seller.</li></ul>
<b>"Transaction Account"</b>	means the account in the name of the Issuer held at the Account Bank or replacement bank account.
<b>"Transaction Documents"</b>	means the Agency Agreement, Cash Management Agreement, Corporate Services Agreement, Collection Account Declaration of Trust, Deed of Charge, Fixed Rate Swap Agreement, Account Bank Agreement, Incorporated Terms Memorandum, Mortgage Sale Agreement, each of the Transfers, Seller Power of Attorney, Servicing Agreement, the Share Trust Deed, Subordinated Loan Agreement, Trust Deed (including the Conditions), the Notes and such other related documents which are referred to or relate to the terms of the above documents or which relate to the issue of the Notes or are designated as a <b>"Transaction Document"</b> ;
<b>"Transaction Party"</b>	means any person who is a party to a Transaction Document and <b>"Transaction Parties"</b> means some or all of them.

<b>"Transfers"</b>	means the Registered Land Transfers, the Unregistered Land Transfers, or such as are applicable.
<b>"Transfer Agent"</b>	means Elavon Financial Services DAC acting as transfer agent pursuant to the Agency Agreement.
<b>"Treaty"</b>	means the treaty establishing the European Community, as amended.
<b>"Trust Deed"</b>	means the deed so named (including the Conditions and the Notes) dated on or about the Closing Date between the Issuer and the Trustee constituting the Notes, and any document expressed to be supplemental to the Trust Deed.
<b>"Trust Documents"</b>	means the Trust Deed and the Deed of Charge and (unless the context requires otherwise) includes any deed or other document executed in accordance with or pursuant to the provisions of the Trust Deed or the Deed of Charge (as applicable).
<b>"Trustee"</b>	means U.S. Bank Trustees Limited, acting through its principal office at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR and acting in its capacity as Trustee under the terms of the Trust Documents, or such other person as may from time to time be appointed as Trustee (or co-trustee) pursuant to the Trust Documents.
<b>"TSC Regulations"</b>	means the Taxation of Securitisation Companies Regulations 2006.
<b>"UCITS"</b>	means Directive 2009/65/EC.
<b>"UNFCOG"</b>	means the Unfair Contract Terms Regulatory Guide, as updated by the FCA.
<b>"UCP"</b>	means the Unfair Commercial Practices Directive which took effect on 11 May 2005.
<b>"United Kingdom" or "UK"</b>	means the United Kingdom of Great Britain and Northern Ireland.
<b>"Unregistered Land Transfers"</b>	means the transfers made or to be made pursuant to Clause 10.2 ( <i>Perfection Acts</i> ) of the Mortgage Sale Agreement substantially in the form set out in Schedule 2 ( <i>Forms of Transfer</i> ) to the Mortgage Sale Agreement.
<b>"UK Benchmark Regulation"</b>	means Regulation (EU) No. 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds as it forms part of domestic law in the United Kingdom by virtue of the EUWA.
<b>"UK CRA Regulation"</b>	means Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA.
<b>"UK CRR"</b>	means Regulation (EU) No 575/2013 as it forms part of UK domestic law by virtue of the EUWA.
<b>"UK CRR Amendment Regulation"</b>	Regulation (EU) 2017/2401 as it forms part of UK domestic law by virtue of the EUWA.
<b>"UK EMIR"</b>	means Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 as amended by Regulation (EU) 2019/834 of the European Parliament and of the Council dated 20 May 2019 as it forms part of UK domestic law by virtue of the EUWA.



<b>"UK EMIR Refit"</b>	means Regulation (EU) 2019/834 of the European Parliament and of the Council of May 20, 2019 amending EU EMIR, as it forms part of domestic law in the UK by virtue of the EUWA.
<b>"UK LCR Regulation"</b>	Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 (supplementing Regulation (EU) 575/2013 with regard to the Liquidity Coverage Requirement for Credit Institutions, as amended) as it forms part of the UK domestic law by virtue of the EUWA.
<b>"UK MiFIR"</b>	means Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 in markets in financial instruments as it forms part of domestic law by virtue of the EUWA.
<b>"UK Risk Retention Requirements"</b>	means the requirements set out in Articles 6 and 7 of the UK Securitisation Regulation.
<b>"UK Securitisation Regulation"</b>	means Regulation (EU) 2017/2402 as it forms part of UK 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, varied or substituted from time to time.
<b>"UK Solvency II Regulation"</b>	Commission Delegated Regulation (EU) No 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of business of Insurance and Reinsurance (Solvency II), as amended, as it forms part of the UK domestic law by virtue of EUWA;
<b>"UK STS Securitisation"</b>	means a securitisation which is designated as being "simple, transparent and standardised" pursuant to Article 18 of the UK Securitisation Regulation.
<b>"U.S. Risk Retention Rules"</b>	Means the rules promulgated under Section 15G of the U.S. Securities Exchange Act of 1934.
<b>"U.S. Persons"</b>	means U.S. Persons as defined in Regulation S under the Securities Act.
<b>"UTCCR"</b>	means The Unfair Terms in Consumer Contracts Regulations 1999.
<b>"Valuation Report"</b>	means the valuation report or reports for mortgage purposes, obtained by the Seller from a valuer in respect of each Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a Prudent Mortgage Lender and which has been approved by the relevant officers of the Seller.
<b>"Variable Rate Loan"</b>	means a Mortgage Loan the rate of interest on which varies in accordance with the standard variable rate set from time to time by the Servicer in accordance with the Servicing Agreement (and shall, for the avoidance of doubt, exclude Mortgage Loans during the period that they are Fixed Rate Loans).
<b>"VAT"</b>	means: <ul style="list-style-type: none"> <li>(a) any tax imposed in compliance with the council directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) (including, in relation to the United Kingdom, value added tax imposed by VATA and legislation and regulations supplemental thereto) and includes any other tax of a similar fiscal nature whether imposed in the United Kingdom (instead of or in addition to value added tax) or elsewhere from time to time; and</li> </ul>

- (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for or levied in addition to, such tax referred to in (a) above or elsewhere;

**"VATA"** means the Value Added Tax Act 1994.

**"Weighted Average Fixed Rate"** means, in respect of a Calculation Period, the weighted average of the fixed rates of interest of the Fixed Rate Loans comprised in the Adjusted Fixed Rate Loan Balance as at the last day of the Calculation Period immediately preceding the relevant Calculation Period, as notified by the Servicer in accordance with the provisions of the Servicing Agreement.

**"Written Resolution"** means a resolution in writing signed by or on behalf of holders of not less than 100% of the Principal Amount Outstanding of Notes of the relevant Class, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

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