

## LACE FUNDING 2025-1 PLC

### IMPORTANT NOTICE

**NOT FOR DISTRIBUTION TO ANY US PERSON (AS DEFINED IN REGULATION S UNDER UNITED STATES SECURITIES ACT OF 1933, AS AMENDED) OR TO ANY PERSON OR ADDRESS IN THE US.**

**IMPORTANT: YOU MUST READ THE FOLLOWING BEFORE CONTINUING.** THE FOLLOWING APPLIES TO THE PROSPECTUS (THE "**PROSPECTUS**") FOLLOWING THIS PAGE, AND YOU ARE THEREFORE ADVISED TO READ THIS CAREFULLY BEFORE READING, ACCESSING OR MAKING ANY OTHER USE OF THE PROSPECTUS. IN ACCESSING THE PROSPECTUS, YOU AGREE TO BE BOUND BY THE FOLLOWING TERMS AND CONDITIONS, INCLUDING ANY MODIFICATIONS TO THEM ANY TIME YOU RECEIVE ANY INFORMATION FROM US AS A RESULT OF SUCH ACCESS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE NOTES OF THE ISSUER FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT). EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY US PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER US OR STATE REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES APPROVED OR DISAPPROVED THE PROSPECTUS OR CONFIRMED THE ACCURACY OR ADEQUACY OF THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF NOTTINGHAM BUILDING SOCIETY AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE US SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**US RISK RETENTION RULES**"), THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "US PERSON" AS DEFINED IN THE US RISK RETENTION RULES ("**RISK RETENTION US PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "US PERSON" IN THE US RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "**US PERSON**" IN REGULATION S, AND PERSONS WHO ARE NOT "US PERSONS" UNDER REGULATION S MAY BE US PERSONS UNDER THE US 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 US PERSON (UNLESS IT HAS OBTAINED A PRIOR WRITTEN CONSENT OF NOTTINGHAM BUILDING SOCIETY), (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME

TO EVADE THE REQUIREMENTS OF THE US RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTES OR A BENEFICIAL INTEREST THEREIN THROUGH A NON-RISK RETENTION US PERSON, RATHER THAN A RISK RETENTION US PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION US PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE US 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, AS DEFINED IN THE FCA HANDBOOK CONDUCT OF BUSINESS SOURCEBOOK ("**COBS**") AND PROFESSIONAL CLIENTS, AS DEFINED IN REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("**EUWA**") ("**UK MIFIR**"); AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A "**UK DISTRIBUTOR**") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER'S TARGET MARKET ASSESSMENT. HOWEVER, A UK DISTRIBUTOR SUBJECT TO THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (THE "**UK MIFIR PRODUCT GOVERNANCE RULES**") IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

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 (AN "**EU DISTRIBUTOR**") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER'S TARGET MARKET ASSESSMENT; HOWEVER, AN EU 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.

THIS PROSPECTUS HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THIS PROSPECTUS MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED. BY ACCESSING THE PROSPECTUS, YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT (A) YOU HAVE UNDERSTOOD AND AGREED TO THE TERMS SET OUT HEREIN, (B) YOU CONSENT TO DELIVERY OF THE PROSPECTUS BY ELECTRONIC TRANSMISSION, (C) YOU ARE NOT A US PERSON (WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT) OR ACTING FOR THE ACCOUNT OR BENEFIT OF A US PERSON AND THE ELECTRONIC MAIL ADDRESS THAT YOU HAVE GIVEN TO US AND TO WHICH THIS EMAIL HAS BEEN DELIVERED IS NOT LOCATED IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE US VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS) OR THE DISTRICT OF COLUMBIA, (D) IF YOU ARE A PERSON IN THE UNITED KINGDOM, THEN YOU ARE A PERSON WHO (I) HAS PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS WITHIN ARTICLE 19 OF THE FINANCIAL SERVICES AND MARKETS ACT (FINANCIAL PROMOTION) ORDER 2005 (THE "**FPO**") OR (II) IS A HIGH NET WORTH ENTITY FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FPO AND (E) IF YOU ARE A PERSON BASED IN THE EUROPEAN ECONOMIC AREA ("**EEA**"). YOU ARE CATEGORISED AS AN ELIGIBLE COUNTERPARTY OR A PROFESSIONAL CLIENT AS DEFINED IN EU MIFID II AND (F) YOU ARE NOT A RETAIL INVESTOR IN THE UNITED KINGDOM OR IN THE EEA

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Arranger, the Lead Manager, nor the Transaction Parties or any person who controls any such person or any director, officer, employee or agent of any such person (or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer or the Lead Manager.

## LACE FUNDING 2025-1 PLC

*(incorporated in England and Wales with limited liability under registered number 15912219)*

Notes	Initial Principal Amount	Issue Price	Interest Reference Rate	Initial Margin / Step-Up Margin	Step-Up Date	Redemption Profile	Final Maturity Date	Ratings (Fitch/Moody's)
Class A	GBP 350,000,000	100%	Compound ed Daily SONIA	0.55% per annum / 0.825% per annum	May 2030	Pass through amortisation	November 2074	AAAsf / Aaa(sf)
Class X	GBP 6,550,000	100%	N/A	0.00% per annum / N/A	N/A	Pass through amortisation	November 2074	Not Rated
Class Z	GBP 38,889,000	100%	Compound ed Daily SONIA	0.00% per annum / N/A	N/A	Pass through amortisation	November 2074	Not Rated
Certificate	N/A	N/A	N/A	N/A	N/A	N/A/	N/A	Not Rated

**Issue Date**                   The Issuer expects to issue the Notes and the Certificates in the classes set out above on the Closing Date.

**Optional Redemption Date**                   The Optional Redemption Date is May 2030.

**Underlying Assets**                   The Issuer will make payments on the Notes from, inter alia, payments of principal and revenue received from a portfolio comprising mortgage loans originated by Nottingham Building Society ("NBS") and secured over residential properties located in England and Wales in which the Issuer will acquire the beneficial interest on the Closing Date.

Please refer to the section entitled "*The Mortgage Portfolio*" for further information.

**Stand-alone/programme issuance**                   Stand-alone issuance.

### *Arranger*

**Alantra Corporate Portfolio Advisors International Limited**

### *Lead Manager*

**Lloyds Bank Corporate Markets PLC**

The date of this Prospectus is 3 February 2025.

<b>Credit Enhancement</b>	<p><u>Credit Enhancement Features</u></p> <ul style="list-style-type: none"> <li>• Subordination of Class Z Notes.*</li> <li>• General Reserve Fund.</li> <li>• Excess Available Issuer Revenue (on and following the Step-Up Date).</li> </ul> <p>* Including use of excess Available Issuer Revenue (on and following the Step-Up Date) to make principal payments on the Class A Notes.</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>	<p><u>Liquidity Support Features for the Class A Notes</u></p> <ul style="list-style-type: none"> <li>• General Reserve Fund applied to make up Revenue Shortfall.</li> <li>• Available Issuer 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>	<p>Information on any optional or mandatory redemption of the Notes is summarised on page 41 (<i>Overview of the Characteristics of the Notes and the Certificates</i>) and set out in full in Condition 9 (<i>Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation</i>).</p>
<b>Credit Rating Agencies</b>	<p>Fitch Ratings Limited ("<b>Fitch</b>") and Moody's Investors Service Limited ("<b>Moody's</b>").</p> <p>As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the UK and is registered under the UK CRA Regulation.</p> <p>Fitch and Moody's are not established in the European Union and have not applied for registration under the EU CRA Regulation. The ratings issued by Fitch and Moody's have been endorsed by Fitch Ratings Ireland Limited and Moody's Deutschland GmbH, respectively, in accordance with the EU CRA Regulation.</p> <p>Each of Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is included in the list of credit rating agencies published by the European Securities and Markets Authority 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.</p>
<b>Credit Ratings</b>	<p>Ratings are expected to be assigned to the Class A Notes as set out above on or before the Closing Date. The Class X Notes and the Class Z Notes will not be rated by any of the Rating Agencies.</p> <p>The ratings assigned by Fitch 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.</p> <p>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.</p>

<b>Listing</b>	<p>The Prospectus has been approved by the Financial Conduct Authority (the "FCA") as competent authority under the UK Prospectus Regulation.</p> <p>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 that is the subject of this Prospectus or an endorsement of the quality of the Notes that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Notes.</p> <p>Applications have been made for the Notes to be admitted to listing on the Official List and to trading on the main market of the Stock Exchange. The main market of the Stock Exchange is a regulated market in the UK for the purposes of the UK MIFIR.</p> <p>The Certificates are not offered under this Prospectus and will not be admitted to listing on the Official List and to trading on the main market of the Stock Exchange, and the FCA has neither reviewed nor approved the information concerning the Certificates contained within this Prospectus.</p>
<b>Benchmarks</b>	<p>Amounts payable on the Notes may be calculated by reference to SONIA.</p> <p>As at the date of this Prospectus, the administrator of SONIA is not included in the register of EU benchmark administrators under Article 36 of Regulation (EU) No 2016/1011.</p> <p>As at the date of this Prospectus, the administrator of SONIA is not included in the FCA's register of administrators and benchmarks established and maintained by the FCA in accordance with the Benchmarks Regulation.</p> <p>The Bank of England, as administrator of SONIA, is exempt under Article 2 of the Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmarks issued in 2013 by the International Organisation of Securities Commissions.</p>
<b>Eurosystem eligibility</b>	<p>The Notes are intended to be held in a manner which would allow Eurosystem eligibility; that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and potential investors in the Notes should reach their own conclusions and seek their own advice with respect to whether or not the Notes constitute Eurosystem eligible collateral.</p>
<b>Obligations</b>	<p>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 NBS, its affiliates or any other party, other than the Issuer, named in the Prospectus.</p>
<b>Definitions</b>	<p>Please refer to the section entitled "<i>Glossary of Defined Terms</i>" for definitions of defined terms.</p>
<b>UK and EU Risk Retention Undertakings</b>	<p>On the Closing Date, the Seller will retain on an ongoing basis a material net economic interest of not less than 5 per cent. in the securitisation as an "originator" through its holding of the Class Z Notes in accordance with the UK Risk Retention Requirements and the EU Risk Retention Requirements (solely in the case of the EU Securitisation Regulation as such articles and technical standards are interpreted and applied on the Closing Date). The UK Risk Retention Requirements and the EU Risk Retention Requirements will be comprised of the Seller holding an interest in the first loss tranche, in accordance with Article 6(3)(d) of Chapter 2 of the PRA Securitisation Rules and Article 6(3)(d) of the EU Securitisation Regulation (solely in the case of the EU Securitisation Regulation as such articles</p>

	<p>and technical standards are interpreted and applied on the Closing Date) through its holding of the Class Z Notes.</p> <p>Any change in the manner in which such risk retention is held may only be made in accordance with the PRA Securitisation Rules and the EU Securitisation Regulation (solely in the case of the EU Securitisation Regulation as if it were applicable to the Seller and as such articles and technical standards are interpreted and applied on the Closing Date).</p>
<p><b>Simple, Transparent and Standardised Securitisation</b></p>	<p>The Seller, will, within 15 calendar days of the Closing Date, procure a notification to be submitted to the FCA via the Connect Portal to the FCA STS register website at <a href="https://data.fca.org.uk/#/sts/stssecuritisations">https://data.fca.org.uk/#/sts/stssecuritisations</a> (or its successor website), in accordance with SECN 2.5 of the UK STS Requirements, that the UK STS Requirements have been satisfied with respect to the Notes.</p> <p>The Seller has used the services of Prime Collateralised Securities ("PCS") to produce the STS Assessments. It is expected that the STS Assessments prepared by PCS will be available on the PCS website (<a href="https://pcsmarket.org/transactions/">https://pcsmarket.org/transactions/</a>) together with detailed explanations of its scope at <a href="https://pcsmarket.org/disclaimer/">https://pcsmarket.org/disclaimer/</a> on and from the Closing Date. For the avoidance of doubt, this PCS website and the contents thereof do not form part of this Prospectus.</p> <p>No assurance can be provided that the securitisation transaction described in this Prospectus does or will continue to qualify as an STS securitisation under the UK STS Requirements as at the date of this Prospectus or at any point in time in the future. For further information, see the section entitled "<i>Risk Factors – Certain Regulatory Risks For Potential Investors In Respect Of Their Investment In The Notes – Simple, Transparent and Standardised Securitisations</i>".</p> <p>The securitisation transaction described in this Prospectus does not, as at the date of this Prospectus, qualify as an STS Securitisation within the meaning of Article 18 of the EU Securitisation Regulation.</p>
<p><b>US Risk Retention</b></p>	<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 US Risk Retention Rules, but rather is intended to rely on an exemption provided for in Section 20 of the US Risk Retention Rules regarding non-US transactions. See the risk factor entitled "<i>Risk Factors – Certain Regulatory Risks For Potential Investors In Respect Of Their Investment In The Notes – US Risk Retention</i>" for more detail.</p> <p>Except with the prior written consent of the Seller, and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes and the Certificates offered and sold by the Issuer may not be purchased by or for the account or benefit of any Risk Retention U.S. Persons. Prospective investors should note that the definition of "U.S. Person" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of "U.S. Person" in Regulation S. Each Purchaser of the Notes and/or Certificates or a beneficial interest herein acquired in the initial syndication of the Notes and/or Certificates by its acquisition of the Notes and/or Certificates or a beneficial interest therein, will be deemed to have made certain representations and agreements, including that it (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained a U.S. Risk Retention Consent (as defined below) from the Seller, (2) is acquiring such Note and/or Certificate or a beneficial interest therein for its own account and not with a view to distribute such Note and/or Certificate, and (3) is not acquiring such Note and/or Certificate 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 and/or Certificate 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</p>

	Retention Rules). Any Risk Retention U.S. Person that is a prospective investor in the Notes and/or Certificates must inform the Seller and the Arranger that it is a Risk Retention U.S. Person.
<b>Volcker Rule</b>	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 Volcker Rule provisions. Although other exclusions may be available to the Issuer, this view is based on the exemption provided in Section 3(c)(5)(C) of the Investment Company Act.
<b>Significant Investor</b>	NBS will, on the Closing Date, purchase 100 per cent. of the Class X Notes, the Class Z Notes and the Certificates. Please refer to the section entitled " <i>Subscription and Sale</i> " for further information.

**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.**



## IMPORTANT NOTICE

**THE NOTES AND THE CERTIFICATES WILL BE OBLIGATIONS OF THE ISSUER ONLY. NEITHER THE NOTES NOR THE CERTIFICATES WILL BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE NOTES AND THE CERTIFICATES 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 LEAD MANAGER. NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES AND THE CERTIFICATES SHALL BE ACCEPTED BY THE ARRANGER, THE LEAD MANAGER OR ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER), OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS THE ARRANGER, THE LEAD MANAGER OR ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER).**

YOU SHOULD REVIEW AND CONSIDER THE DISCUSSION UNDER "**RISK FACTORS**" BEGINNING ON PAGE 4 IN THIS PROSPECTUS BEFORE YOU PURCHASE ANY NOTES OR CERTIFICATES.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES AND THE CERTIFICATES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY THE ARRANGER, THE LEAD MANAGER OR ANY OF THE TRANSACTION PARTIES THAT THIS PROSPECTUS MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES AND THE CERTIFICATES 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 BY THE FCA, NO ACTION HAS BEEN OR WILL BE TAKEN BY ANY OF THE TRANSACTION PARTIES WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES AND THE CERTIFICATES 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 LEAD MANAGER TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE NOTES AND THE CERTIFICATES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US 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 AND THE CERTIFICATES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") ("**US PERSON**")) EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE NOTES AND THE CERTIFICATES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN UNDER "DESCRIPTION OF THE NOTES IN GLOBAL FORM", "DESCRIPTION OF THE CERTIFICATES IN GLOBAL FORM", AND "TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS".

THE NOTES AND THE CERTIFICATES 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 US RISK RETENTION RULES BUT RATHER ARE INTENDED TO RELY ON AN EXEMPTION PROVIDED FOR IN SECTION 20 OF THE US RISK RETENTION RULES REGARDING NON-US

TRANSACTIONS, AND NO OTHER STEPS WILL BE TAKEN BY THE ISSUER, THE SELLER, THE ARRANGER, THE LEAD MANAGER OR ANY OF THEIR AFFILIATES OR ANY OTHER PARTY TO ACCOMPLISH SUCH COMPLIANCE.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF NBS AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE US RISK RETENTION RULES, THE NOTES AND THE CERTIFICATES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "US PERSON" AS DEFINED IN THE US RISK RETENTION RULES ("**RISK RETENTION US PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "US PERSON" IN THE US RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "US PERSON" IN REGULATION S. ANY PURCHASER OF THE NOTES AND/OR THE CERTIFICATES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES AND/OR THE CERTIFICATES, BY ITS ACQUISITION OF THE NOTES AND/OR THE CERTIFICATES 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 US PERSON (UNLESS IT HAS OBTAINED A PRIOR WRITTEN CONSENT OF NBS), (2) IS ACQUIRING SUCH NOTE AND/OR CERTIFICATE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE US RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTES AND/OR CERTIFICATES OR A BENEFICIAL INTEREST THEREIN THROUGH A NON-RISK RETENTION US PERSON, RATHER THAN A RISK RETENTION US PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION US PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE US RISK RETENTION RULES).

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

**UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**") and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (as amended, "**UK MIFIR**"); 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 MIFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently no key information document

required by Regulation (EU) No 1286/2014 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA, as amended (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**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 Directive 2014/65/EU (as amended, "**EU MiFID II**") or; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**") where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129, as amended (the "**EU Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

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 LEAD MANAGER 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. TO THE BEST OF THE KNOWLEDGE OF THE ISSUER, 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.

NBS ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "NOTTINGHAM BUILDING SOCIETY", "CERTAIN REGULATORY DISCLOSURES" AND "THE MORTGAGE SERVICER AND THE MORTGAGE SERVICING AGREEMENT". TO THE BEST OF THE KNOWLEDGE OF NBS, THE INFORMATION CONTAINED IN THE SECTIONS REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT ITS IMPORT. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY NBS 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.

LLOYDS BANK CORPORATE MARKETS PLC ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "THE FIXED RATE SWAP PROVIDER". TO THE BEST OF THE KNOWLEDGE OF LLOYDS BANK CORPORATE MARKETS PLC, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT ITS

IMPORT. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY LLOYDS BANK CORPORATE MARKETS PLC 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.

CITIBANK, N.A., ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE CASH MANAGER AND THE ACCOUNT BANK*". TO THE BEST OF THE KNOWLEDGE OF CITIBANK, N.A., THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE CITIBANK N.A. 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 AND THE CERTIFICATES OR THEIR DISTRIBUTION.

CITICORP TRUSTEE COMPANY LIMITED ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE TRUSTEE*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF CITICORP TRUSTEE COMPANY LIMITED, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY CITICORP TRUSTEE COMPANY LIMITED 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 AND THE CERTIFICATES OR THEIR DISTRIBUTION.

CSC CAPITAL MARKETS UK LIMITED ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE CORPORATE SERVICES PROVIDER AND THE BACK-UP MORTGAGE SERVICER FACILITATOR*". TO THE BEST OF THE KNOWLEDGE OF CSC CAPITAL MARKETS UK LIMITED, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY CSC CAPITAL MARKETS UK 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 AND THE CERTIFICATES 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 LEAD MANAGER OR THE TRUSTEE AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. NONE OF THE ARRANGER, THE LEAD MANAGER OR THE TRUSTEE HAS SEPARATELY VERIFIED THE INFORMATION CONTAINED HEREIN. ACCORDINGLY, NONE OF THE ARRANGER, THE LEAD MANAGER 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 LEAD MANAGER 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 LEAD MANAGER 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 LEAD MANAGER 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 LEAD MANAGER SHALL BE RESPONSIBLE FOR ANY MATTER WHICH IS THE SUBJECT OF ANY STATEMENT, REPRESENTATION, WARRANTY OR COVENANT OF THE ISSUER CONTAINED IN THE NOTES AND THE CERTIFICATES 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 LEAD MANAGER 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 LEAD MANAGER ARE ACTING EXCLUSIVELY FOR THE ISSUER AND NO ONE ELSE. ACCORDINGLY, IN CONNECTION WITH THE TRANSACTION, THE ARRANGER AND THE LEAD MANAGER 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 LEAD MANAGER WILL BE PAID A FEE BY THE ISSUER IN RESPECT OF THE MARKETING AND/OR 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 LEAD MANAGER OR ANY OF THEM TO SUBSCRIBE FOR OR PURCHASE ANY OF THE NOTES AND/OR THE CERTIFICATES 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 LEAD MANAGER AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON TO PURCHASE ANY NOTES AND/OR CERTIFICATES.

PROSPECTIVE PURCHASERS OF THE NOTES AND/OR THE CERTIFICATES 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 AND/OR THE CERTIFICATES.

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 European Economic Area and references to "**Pounds**", "**Sterling**", "**GBP**" and "**£**" are references to the lawful currency for the time being of the United Kingdom.

## AVAILABLE INFORMATION

### Forward-Looking Statements and Statistical Information

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, NBS 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 NBS 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. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer.

This Prospectus also contains certain tables and other pieces of statistical analysis (the "**Statistical Information**") which have been prepared in reliance on information provided by the Issuer. Numerous assumptions have been used in preparing the Statistical Information, which may or may not be reflected in the material. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, or as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. The average life of or the potential yields on any security cannot be predicted, because the actual rate of repayment on the underlying assets, as well as a number of other relevant factors, cannot be determined. No assurance can be given that the assumptions on which the possible average lives of or yields on the securities are made will prove to be realistic.

None of the Arranger, the Lead Manager or the Transaction Parties has attempted to verify any such forward-looking statements or Statistical Information, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements or Statistical Information. None of the Arranger, the Lead Manager or the Transaction Parties assumes any obligation to update these forward-looking statements or Statistical Information or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements or Statistical Information. Some of the most significant of these risks, uncertainties and other factors are discussed in this Prospectus under the section entitled "*Risk Factors*", and potential investors 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 Lead Manager, the Transaction Parties (other than the Issuer) and their respective related entities, associates, affiliates, officers or employees (each a "**Relevant Entity**") 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 only have 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 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 (a) each of the Lead Manager and their respective Relevant Entities (i) may from time to time be a Noteholder or a Certificateholder or have other interests with respect to the Notes and the certificates and they may also have interests relating to other arrangements with respect to a Noteholder of Note or Certificateholder of a Certificate; (ii) may purchase all or some of the Notes or the Certificates and resell them in individually negotiated transactions with varying terms; and (b) each of the Arranger, the Lead Manager and their respective Relevant Entities (i) 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 or Certificates; and (ii) 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 and/or the Certificates, the Issuer or any Transaction Party, both on its own account and for the account of other persons. Nothing in the Transaction Documents or this Prospectus shall prevent any of Transaction Parties from rendering services similar to those provided for in the Transaction Documents or Prospectus to other persons, firms or companies or from carrying on any business similar to or in competition with the business of any of the parties to the Transaction Documents or Prospectus.

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 and the Certificates, the Issuer or a Transaction Party may affect the value of the Notes and the Certificates as the interests of this Relevant Entity may conflict with the interests of a Noteholder and/or a Certificateholder, and that Noteholder or Certificateholder 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 and Certificateholders. The Relevant Entities may in so doing act without notice to, and without regard to, the interests of the Noteholders or Certificateholders 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 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 or Certificateholder for any profit as a result of any other business that it may conduct with either the Issuer or any other Transaction Party.

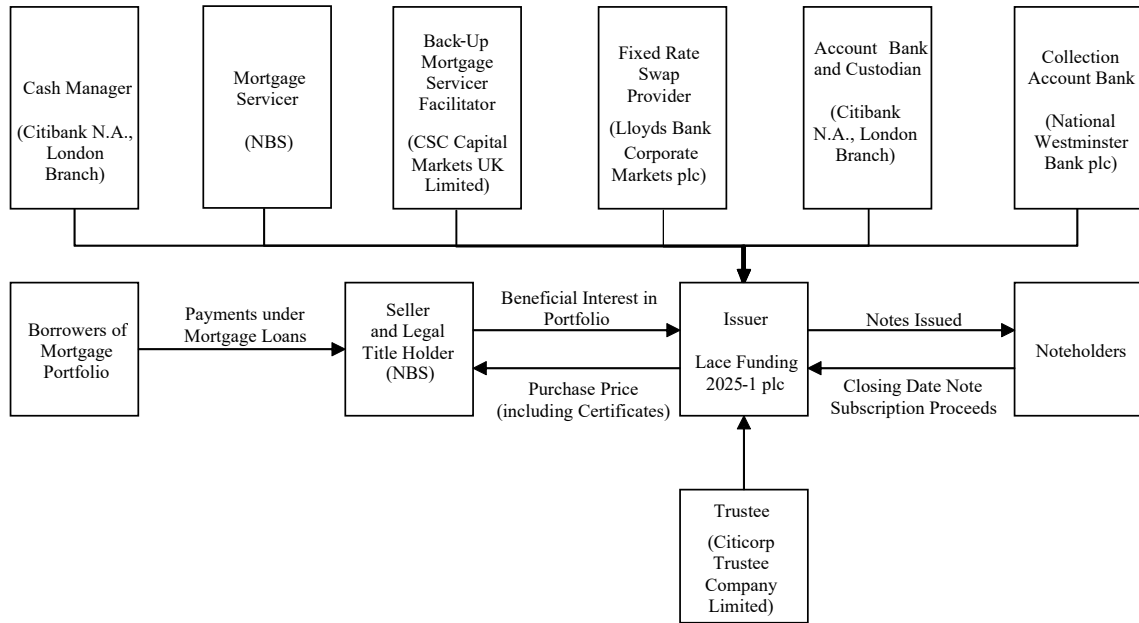


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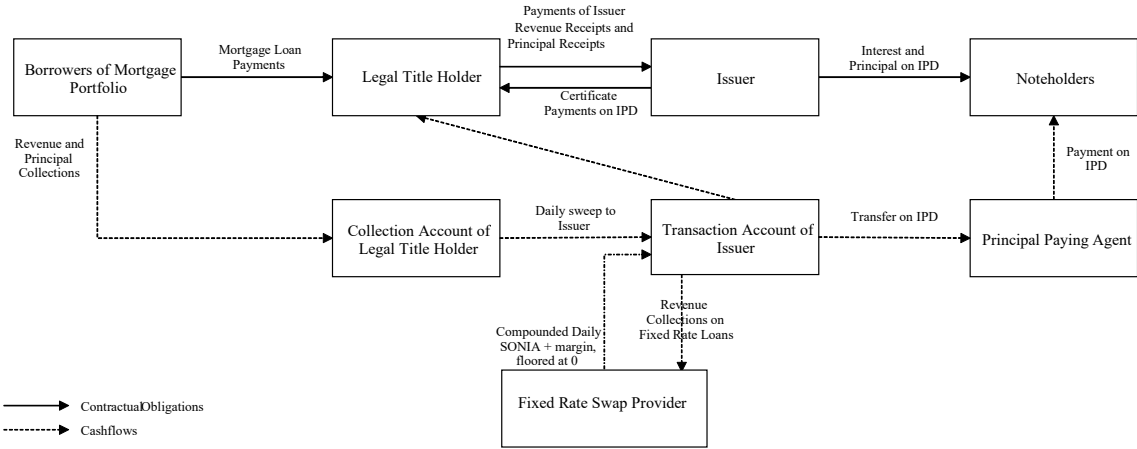
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DIAGRAMMATIC OVERVIEW OF THE TRANSACTION



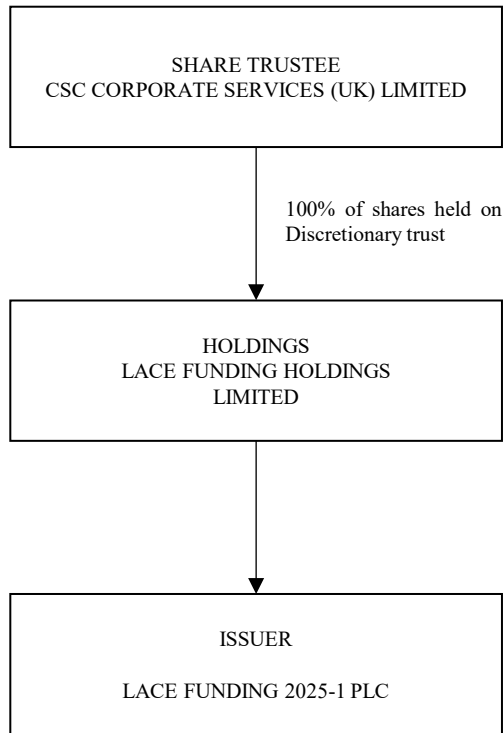
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DIAGRAMMATIC OVERVIEW OF ON-GOING CASH FLOW



DIAGRAMMATIC OVERVIEW OF THE OWNERSHIP STRUCTURE

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.

**RISK FACTORS**

*The following is a description of the principal risks associated with an investment in the Notes and the Certificates. These risk factors are material to an investment in the Notes and the Certificates and an assessment of the Issuer. Prospective Noteholders and Certificateholders 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.*

*An investment in the Notes and the Certificates is only suitable for investors experienced in financial matters who are in a position to fully assess the risks relating to such an investment and who have sufficient financial means to suffer any potential loss stemming therefrom.*

*The Issuer believes that the risks described below are the material risks inherent in the transaction for Noteholders and Certificateholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes or Certificates may occur for other reasons and the Issuer does not represent that the statements below regarding the risks relating to the Notes or Certificates 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 or the Certificates. Prospective Noteholders and Certificateholders 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.*

*The purchase of the Notes or the Certificates involves substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes or the Certificates. Before making an investment decision, prospective purchasers of the Notes or the Certificates should (i) ensure that they understand the nature of the Notes and the Certificates and the extent of their exposure to risk, (ii) consider carefully, in the light of their own financial circumstances and investment objectives (and those of any accounts for which they are acting) and in consultation with such legal, financial, regulatory and tax advisers as it deems appropriate, all the information set out in this Prospectus so as to arrive at their own independent evaluation of the investment and (iii) confirm that an investment in the Notes or the Certificates is fully consistent with their respective financial needs, objectives and any applicable investment restrictions and is suitable for them. The Notes and the Certificates are not a conventional investment and carry various unique investment risks, which prospective investors should understand clearly before investing in them. In particular, an investment in the Notes and the Certificates involves the risk of a partial or total loss of investment.*

**A. GENERAL CREDIT STRUCTURE RISKS*****Notes and Certificates obligations of Issuer only***

The Notes and the Certificates will be obligations solely of the Issuer and will not be the responsibility of, or guaranteed by, any person other than the Issuer. Neither the Arranger, the Lead Manager or any 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 and the Certificates.

***Limited recourse***

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

- (a) there is no Charged Property remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Charged Property have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and

- (c) there are insufficient amounts available from the Charged Property to pay in full, in accordance with the provisions of the Deed of Charge, amounts outstanding under the Notes (including payments of principal and interest) and payments under the Certificates,

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

For the avoidance of doubt, the Seller has an economic interest in the Mortgage Portfolio and is entitled to payments under the Certificates out of Available Issuer Revenue in accordance with the applicable Payments Priorities. Where such amounts have been passed 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*").

#### ***Yield and prepayment considerations***

The yield to maturity of the Notes of each Class and the Certificates will depend on, among other things, the amount and timing of payment of principal and interest (including prepayments, sale proceeds arising on enforcement of a Mortgage Loan and reacquisitions due to breaches of the Asset Warranties, Further Advances, Product Switches made in breach of the Product Switch Conditions) on the Mortgage Loans and the price paid by the holders of the Notes of each such Class or the Certificates. Such yield may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the Mortgage Loans. 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 and the Certificates but is mitigated to some extent by the provision of liquidity from alternative sources which are described in the section entitled "*Key Structural Features - Credit Enhancement and Liquidity Support*". However, no assurance can be made as to the effectiveness of alternative sources of liquidity, or that such alternative sources of liquidity will protect the Noteholders and the Certificateholders from all risk of loss.

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, homeowner mobility and the effect of any change in the Legal Title Holder's business strategy. Subject to the terms and conditions of the Mortgage Loans (which may require in some cases notification to the Legal Title Holder and in other cases the consent of the Legal Title Holder), 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 the sections entitled "*Social, legal, political and economic factors may affect payments under the Notes and the Certificates and repayment of the Notes and are unpredictable*" and "*The Mortgage Portfolio*".

The Portfolio Purchase Option Holder may exercise its Portfolio Purchase Option to purchase the Portfolio in accordance with the terms of the Deed Poll and the Conditions. No make whole amount or other early repayment fee will be paid to the Noteholders if any such option is exercised by the Portfolio Purchase Option Holder. In addition, the Portfolio Purchase Option Holder is not obligated to exercise its rights in respect of the Portfolio Purchase Option on the relevant date or upon occurrence of the relevant event (as applicable) or at any time thereafter and accordingly, no assurance can be given that the Notes will be redeemed in full on or following the relevant date or upon occurrence of the relevant event (as applicable) as a result of a purchase or sale of the Portfolio. See Conditions 9.3 (*Optional Redemption*), 9.4 (*Optional Redemption in whole for taxation reasons*) and 9.5 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*) for further information.

#### ***Limited source of funds***

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes and payments under the Certificates 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 Issuer Revenue and Available Issuer Principal, certain 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 the Certificates and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes and the Certificates under the applicable Payments Priorities. If such funds are insufficient, any such insufficiency will be borne by the Noteholders, the Certificateholders and the other Secured Creditors, in accordance with the applicable Payments Priorities. The Issuer will have no recourse in regards to any such insufficiency to the Seller.

***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, the Certificateholders and the other Secured Creditors in accordance with the applicable Payments Priorities.

***Deferral of interest payments on the Class X Notes, Class Z Notes and Payments under the Certificates***

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 any Class of Notes (other than the Most Senior Class and other than where the Most Senior Class is the Class Z Notes) after having paid or provided for items of higher priority in the Pre-Enforcement Payments Priorities, then the amount of the shortfall shall not be due and payable and the Issuer will be entitled under Condition 8.10 (*Interest Deferred*) to defer payment of that shortfall amount until the following Interest Payment Date or such earlier date as the relevant Class of Notes becomes due and repayable in full in accordance with the Conditions. Any such deferral in accordance with the Conditions will not constitute an Event of Default.

Payments on the Certificates will be dependent on the availability of funds of the Issuer to make such payments after providing for items of higher priority in the Pre-Enforcement Revenue Payments Priority and failure to pay timely interest on the Most Senior Class (other than where the Most Senior Class is the Class Z Notes) shall constitute an Event of Default under the Notes which may result in the Trustee enforcing the Security.

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, the 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.

***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 Mortgage 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 and the Certificates but is mitigated to some extent by certain credit enhancement features which are described in the section entitled "*Key Structural Features - 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. Should there be credit losses arising in respect of the Mortgage Loans, this could have an adverse effect on the ability of the Issuer to make payments of interest and/or principal on the Notes and payments under the Certificates.

***Subordination of the Class X Notes, the Class Z Notes and the Certificates***

The Class A Notes rank *pro rata and pari passu* without preference or priority among themselves in relation to payment of interest at all times, as provided in the Conditions and the Transaction Documents.

The Class X Notes rank *pro rata and pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to payments of interest on the Class A Notes, as provided in the Conditions and the Transaction Documents.

The Class Z Notes rank *pro rata and pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to payments on the Class A Notes and the Class X Notes, as provided in the Conditions and the Transaction Documents.

The Certificates rank *pro rata and pari passu* without preference or priority among themselves in relation to Certificate Payments at all times and are subordinate to all payments due in respect of the Notes.

However, there is no assurance that these subordination provisions will protect the holders of Class A Notes from any or all risk of loss.

### ***Implications of Income and Principal Deficiencies***

If, on any Interest Payment Date, as a result of shortfalls in Available Issuer Revenue relative to interest due on the Class A Notes and amounts ranking in priority to the payment of interest on the Class A Notes, 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 Issuer 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 Issuer 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 Issuer Principal to meet one or more Remaining Revenue Shortfalls, or otherwise) will be recouped from Available Issuer Revenue and, other than in respect of the Class Z Notes, amounts standing to the credit of the General Reserve Fund. Available Issuer 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 income 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.

### ***Ratings of the Notes***

The expected ratings of the Class A Notes assigned on the Closing Date are set out under "*Ratings*" above. 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 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 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 Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the market value of the 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 X Notes, the Class Z Notes and the Certificates will not be rated by the Rating Agencies.

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

The terms of certain Transaction Documents provide that certain actions proposed to be taken by the Issuer and/or the other parties to the Transaction Documents are contingent on such proposed actions not having an adverse effect on the ratings assigned to the Class A Notes. In such circumstances, the Trustee may require the Issuer to seek a Ratings Confirmation.

A Ratings Confirmation confirms 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 but 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 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 Non-Responsive Rating Agency cannot provide a Ratings Confirmation in the time available or at all, and the Non-Responsive 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 to the transaction of which the securities form part 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.

If there is a Non-Responsive Rating Agency and two directors of the Issuer have certified the same in writing to the Trustee (an "**Issuer Certificate**"), the Trustee shall be entitled (but not obliged) to assume from such Issuer Certificate that such proposed action:

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

upon which confirmation from the Issuer Certificate, the Trustee shall be entitled to rely absolutely without enquiry or liability to any person for so doing. In being entitled to take into account any such confirmation from the Issuer Certificate, it is agreed and acknowledged by the Trustee that this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Trustee, the Noteholders of the Class A Notes or any other person or create any legal relations between each of the Rating Agencies and the Trustee, the Noteholders of the Class A Notes or any other person whether by way of contract or otherwise.

Where a Ratings Confirmation is a condition to any action or step under any Transaction Document and it is deemed to be modified as a result of a Non-Responsive Rating Agency, there remains a risk that such Non-Responsive Rating Agency may subsequently downgrade, qualify or withdraw the then current ratings

of the Class A Notes as a result of the action or step. Such a downgrade, qualification or withdrawal to the then current ratings of the Class A Notes may have an adverse effect on the value of the Class A Notes.

***Absence of secondary market***

No assurance is provided that an active and liquid secondary market for the Notes and the Certificates will exist at any time after the Closing Date. To date, the Lead Manager has not indicated that they intend to establish a secondary market in the Notes and the Certificates. None of the Notes and the Certificates have been, or will be, registered under the Securities Act or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set out under "*Subscription and Sale*" and "*Transfer Restrictions and Investor Representations*".

The secondary market for mortgage-backed securities similar to the Notes and the Certificates has at times experienced limited liquidity resulting from, among other things, reduced investor demand for such securities. Limited liquidity in the secondary market may have a material adverse effect on the market value of mortgage-backed securities including the Notes and the Certificates 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.

Central bank schemes such as, amongst others, the Bank of England's Sterling Monetary Framework, the Discount Window Facility (as such terms are defined at [www.bankofengland.co.uk](http://www.bankofengland.co.uk)), the European Central Bank's liquidity scheme or emergency liquidity operations introduced by central banks (such as the Term Funding Scheme with additional incentives for small and medium-sized enterprises introduced by the Bank of England) in response to a financial crisis or a wide-spread health crisis (such as the COVID-19 outbreak), have provided an important source of liquidity in respect of 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 and the Certificates that the Notes and the Certificates 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 and the Certificates should make its own conclusions and seek its own advice with respect to whether or not the Notes and the Certificates constitute eligible collateral for such central bank schemes.

Any investor in the Notes or the Certificates must be prepared to hold their Notes for an indefinite period of time or until the Final Maturity Date or, alternatively, such investor may only be able to sell the Notes at a discount to the original purchase price of those Notes.

**B. RISKS RELATED TO INTEREST RATE ON THE MORTGAGE LOANS AND/OR 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 and the variable interest rate payable in respect of the Floating Rate Notes based on Compounded Daily SONIA for the relevant period, which is mitigated (but not eliminated) by the Fixed Rate Swap. The Fixed Rate Swap Provider may be required to post collateral to the extent that the Issuer has any exposure to the Fixed Rate Swap Provider following the Closing Date;
- the risk of a mismatch between the Standard Variable Rate and/or the Discounted Variable Rate as it may apply to the Mortgage Loans from time to time and the variable interest rate payable in respect of the Notes based on Compounded Daily SONIA for the relevant period; 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.

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

The Issuer has not entered into any swap or other hedging transaction in relation to Mortgage Loans other than Fixed Rate Loans, and as a result there is no hedge in respect of the risk of any variances in the Standard Variable Rate and/or the Discounted Variable Rate charged on any Mortgage Loans in the Mortgage

Portfolio and interest set by reference to Compounded Daily SONIA on the Floating Rate Notes, which in turn may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations to the Secured Creditors. As such, the Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of such Mortgage Loans subject to floating rates of interest and the rate of interest payable in respect of the Floating Rate Notes, which is mitigated (but not eliminated) by the Fixed Rate Swap. If the Fixed Rate Swap terminates in accordance with its terms, the Issuer will be exposed to such risk.

#### ***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 and / or Certificateholders.

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, as described in the section entitled "*Key Structural Features – Termination of the Fixed Rate Swap Agreement*". If the Fixed Rate Swap 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 or the determining party's losses or gains in connection with the termination of the Fixed Rate Swap (depending on the reason for termination). 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, will have sufficient funds to make subsequent payments to the Noteholders in respect of the relevant class of Notes or payments under the Certificates.

Except where the Fixed Rate Swap Provider has caused the Fixed Rate Swap to terminate by being the defaulting party or pursuant to the Swap Provider Downgrade Event, any termination payment in respect of the Fixed Rate Swap due from the Issuer will rank in priority to payments of interest and principal due on the Notes. Therefore, if the Issuer is obliged to make a termination payment to the Fixed Rate Swap Provider or is required to pay any other additional amount as a result of the termination of the Fixed Rate Swap, 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 or payments under the Certificates.

If the Fixed Rate Swap terminates, there can be no assurance that the Issuer will be able to enter into a Replacement Interest Rate Fixed Rate Swap Agreement, or if a Replacement Interest Rate Fixed Rate Swap Agreement 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 the Fixed Rate Swap Provider does not maintain the required ratings in the Fixed Rate Swap Agreement, the Fixed Rate Swap Provider may be obliged to post additional collateral in respect of its obligations under the Fixed Rate Swap Agreement. For the avoidance of doubt the Fixed Rate Swap Provider may also post collateral where there has not been any loss of required ratings under the Fixed Rate Swap Agreement. Any such collateral will not form part of the Available Issuer Principal or Available Issuer Revenue and will not be available to meet the Issuer's obligations to Secured Creditors other than the Fixed Rate Swap Provider until amounts owing to the Fixed Rate Swap Provider have been paid in full.

#### ***The market continues to develop in relation to SONIA as a reference rate in the capital markets***

Investors should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to London Interbank Offered Rate. In particular, market participants and relevant working groups were 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 Notes that reference a SONIA rate issued under this Prospectus.

As a result of the development of SONIA, investors should be aware that the means of calculating SONIA in the Conditions could in the future, absent amendments pursuant to the Conditions, differ from that as set out in the Conditions.

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. It may be difficult for investors in Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Floating Rate Notes.

In addition, the manner of adoption or application of SONIA reference rates in the bond markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SONIA. Investors should carefully consider these matters when making their investment decision with respect to any such Notes and should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of the Notes referencing SONIA and issued under this Prospectus.

***Changes or uncertainty in respect of SONIA may affect the value or payment of interest under the Mortgage Loans or the Notes***

Various interest rate benchmarks (including SONIA) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented including the Benchmarks Regulation.

The Benchmarks Regulation, among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed). The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

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.

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

- (a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including SONIA) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (b) while (i) an amendment may be made under Condition 17.2 (*Additional Right of Modification*) of the Terms and Conditions of the Notes to change the current reference rate to an alternative base rate under certain circumstances broadly related to the dysfunction, discontinuation or transition of the current base rate and subject to certain Conditions being satisfied including no objection to the proposal being received by at least 10 per cent. of Noteholders of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding, and (ii) an amendment may be made under Condition 17.2 (*Additional Right of Modification*) to change the base rate that then applies in respect of the Fixed Rate Swap Agreement for the purpose of aligning the base rate of the Fixed Rate Swap Agreement to the base rate of the Floating Rate Notes following a Base Rate Modification, there can be no assurance that any such amendments will be made or, if made, that they (i) will fully or effectively mitigate all relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the Floating Rate Notes and the Fixed Rate Swap Agreement or (ii) will be made prior to any date on which any of the risks described in this risk factor may become relevant; and
- (c) if SONIA is discontinued, and whether or not an amendment is made under Condition 17.2 (*Additional Right of Modification*) to change the SONIA reference rate with respect to the Notes as described in paragraph (b) above, if a proposal for an equivalent change to the reference rate on

the Fixed Rate Swap Agreement is not approved in accordance with Condition 17.2 (*Additional Right of Modification*), there can be no assurance that the applicable fall-back provisions under the Fixed Rate Swap Agreement which leverage the 2021 ISDA Interest Rate Derivatives Definitions would operate to allow the transactions under the Fixed Rate Swap Agreement to effectively mitigate interest rate risk in respect of the Floating Rate Notes. This, in turn, could cause a risk of mismatch of interest and reduced payments on the Notes.

Any reduction in the amounts payable under the Mortgage Loans will impact the availability of funds to make payments under 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 Floating Rate Notes and/or the Fixed Rate Swap Agreement due to applicable fall-back provisions or other matters. 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.

Moreover, any of the above matters (including an amendment to change the SONIA reference rate as described in paragraph (b) above) 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 amendments to the Conditions and the Fixed Rate Swap Agreement, early redemption, delisting or other consequences in relation to the Notes. No assurance may be **provided that** relevant changes will not occur with respect to SONIA or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

### C. THE MORTGAGE PORTFOLIO

#### *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, government policies, impact of macro-economy on Borrower's ability to pay interest and repay principal and illness (including the present cost of living crisis in certain European countries and any impact of the conflict in Ukraine and the ongoing geopolitical conflict in the Middle East and any illness arising in connection with an epidemic or pandemic, and associated governmental interventions). Noting the recent interest rate rises by the Bank of England, such interest rate may still increase further in the future, and further any decrease is unlikely to bring interest rates back to the historically low levels previously experienced. All such factors may adversely affect Borrowers' ability to pay interest or repay principal on their Mortgage Loans.

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 must first obtain possession of the relevant property. Possession is usually obtained by way of a court order or decree. 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 And Regulatory Considerations*" below.

In addition, a proportion of the Mortgage Portfolio are Mortgage Loans advanced in relation to Properties registered at the Land Registry with possessory title. A third-party claim may arise challenging a borrower's title to a property registered with possessory title prior to or during the enforcement of the mortgage. Should such claim be successful this would likely prevent the mortgagee repossessing the relevant property and exercising its power of sale. In respect of any Mortgage Loan where this occurs, any title indemnity insurance placed at the time of or following the Borrower's acquisition of the related Property may be insufficient to cover the principal amount outstanding under the relevant Mortgage Loan and the Principal Receipts received by the Issuer would be reduced as a result of such differential, which may affect the ability of the Issuer to make payments on the Notes and under the Certificates.

***Increases in prevailing market interest rates may adversely affect the performance and market value of the Mortgage Portfolio***

Borrowers with a Mortgage Loan subject to a variable rate of interest may be exposed to increased Monthly Payments if the related mortgage interest rate adjusts upward. This increase in Borrowers' Monthly Payments may ultimately result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid increased Monthly Payments 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 and payments under the Certificates.

***The Legal Title Holder to initially retain legal title to the Mortgage Loans and risks relating to set-off***

Legal title to the Mortgage Loans and (subject in some cases to registration or recording at the Land Registry) their related Mortgages is currently vested in the Legal Title Holder.

Until the Issuer obtains legal title to the Mortgage Loans and their related Mortgages and the Related Security upon the occurrence of a Perfection Event, the sale of the Mortgage Loans and their related Mortgages and Related Security will take effect in equity only, in terms of which the Issuer will acquire the beneficial interest therein. This means that legal title to the Mortgage Loans and their Related Security in the Mortgage Portfolio will remain with the Legal Title Holder until the occurrence of a Perfection Event. The legal title to the Mortgage Loans will be transferred to the Issuer or a nominee of the Issuer as soon as reasonably practicable following the occurrence of a Perfection Event.

The Issuer has not applied, and prior to the occurrence of a Perfection Event will not apply, to the Land Registry to register or record its equitable interest in the Mortgages secured on the Properties.

Following a Perfection Event, notice of the transfer of legal title to the Mortgage Loans to the Issuer or a nominee of the Issuer will be given to the Borrowers in respect of the Mortgage Loans and their Related Security. Until the time such notice is given to the relevant Borrowers, equitable or independent set-off rights may accrue in favour of any Borrower against his or her obligation to make payments to the Legal Title Holder under the relevant Mortgage Loan. These rights may result in the Issuer receiving reduced payments on the Mortgage Loans. The transfer of the benefit of any Mortgage Loans to the Issuer will continue to be subject to any prior rights that any applicable Borrower may become entitled to after the transfer. However, following notice of the assignment or assignation to the Issuer or its nominee, being given to the Borrowers, some rights of set-off (being those rights that are not connected with or related to the relevant Mortgage Loan) may not arise after the date notice is given. For further information on the effects of a set-off in relation to the Mortgage Portfolio, see "*Set-off risk may adversely affect the value of the Mortgage Portfolio or any part thereof*" below.

As a consequence of the Issuer not obtaining legal title to the Mortgage Loans and their Related Security or the Properties secured thereby, a *bona fide* purchaser from the Legal Title Holder for value of any of such Mortgage Loans and their Related Security without notice of any of the interests of the Issuer might obtain a good title free of any such interest. If this occurred, then the Issuer would not have good title to the

affected Mortgage Loan and its Related Security, and it would not be entitled to payments by a Borrower in respect of that Mortgage Loan. However, the risk of third-party claims obtaining priority to the interests of the Issuer in this way would likely be limited to circumstances arising from breach by the Legal Title Holder of its contractual obligations or from fraud, negligence or mistake on the part of the Legal Title Holder or any of its respective personnel or agents.

Until notice of the assignment or assignation is given to the Borrowers, the Issuer would not be able to enforce any Borrower's obligations under a Mortgage Loan or its Related Security itself but to the extent that the Mortgage Servicer failed to take any or appropriate enforcement action against the relevant Borrower (in accordance with the enforcement procedures of the Mortgage Servicer) the Issuer or the Trustee would be able to take action (under the power of attorney to be entered into pursuant to the Mortgage Sale Agreement) or would have to join the Legal Title Holder as a party to any legal proceedings. Borrowers will also have the right to redeem their Mortgage Loan by repaying the relevant Mortgage Loan directly to the Legal Title Holder. However, the Legal Title Holder and the Mortgage Servicer undertake, pursuant to the Mortgage Sale Agreement and the Mortgage Servicing Agreement respectively, to hold any money repaid to it in respect of relevant Mortgage Loans on trust for the Issuer. In addition, the Seller will, pursuant to the Mortgage Sale Agreement, agree to hold on trust any money repaid to it in respect of relevant Mortgage Loans received from the Legal Title Holder or any other party (or on their behalf) to the order of the Issuer.

If any of the risks described above were to occur then the realisable value of the Mortgage Portfolio or any part thereof may be affected.

In all cases, this means that in order for legal title to be transferred to the Issuer, transfers, conveyances, assignments and assignations would have to be registered or recorded at the Land Registry and notice would have to be given to Borrowers of the transfer.

***Set-off risk may adversely affect the value of the Mortgage Portfolio or any part thereof***

As described above, the Issuer will only acquire a beneficial interest in the Mortgage Loans included in the Mortgage Portfolio and legal title to the Mortgage Loans and their Related Security will remain with the Legal Title Holder. Therefore, the rights of the Issuer may be subject to "transaction set-off," being the direct rights of the Borrowers against the Legal Title Holder, including rights of set-off which occur in relation to transactions or deposits made between the Borrowers and the Legal Title Holder.

The relevant Borrower may set off any claim for damages arising from the Legal Title Holder's breach of contract against the Legal Title Holder's (and, as holder of a beneficial interest in the Mortgage Loans and their Related Security, 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 any such claim against the Legal Title Holder will, in many cases, be the cost to the Borrower of finding an alternative source of funds. The Borrower may obtain a mortgage loan elsewhere, in which case the damages awarded could be equal to any difference in the borrowing costs together with any direct losses arising from the Legal Title Holder's breach of contract, namely the associated costs of obtaining alternative funds (for example, legal fees and survey fees).

If the Borrower is unable to obtain an alternative mortgage loan, he or she may have a claim in respect of other indirect losses arising from the Legal Title Holder's breach of contract where there are special circumstances communicated by the Borrower to the Legal Title Holder at the time the Borrower entered into the Mortgage Loan or which otherwise were reasonably foreseeable. A Borrower may also attempt to set off an amount greater than the amount of his or her damages claim against his or her mortgage payments. In that case, the Mortgage Servicer 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 is obtained.

The exercise of set-off rights by Borrowers may adversely affect the realisable value of the Mortgage Portfolio and/or the ability of the Issuer to make payments under the Notes and the Certificates.

***Declining 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 being significantly reduced and, in the event that the Related Security is required to be enforced, may result in an adverse effect on payments on the Notes and/or the Certificates.

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 any outstanding loan secured on such property. If the value of the Properties and Related Security backing the Mortgage Loans is reduced this may ultimately result in losses to Noteholders and/or Certificateholders if the Related Security is required to be enforced and the resulting proceeds are insufficient to make payments on all Notes and Certificates.

Should residential property values decline further, Borrowers may have insufficient resources to refinance their Mortgage Loans with lenders other than the Legal Title Holder 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 and the Certificates.

### ***Geographical Concentration Risks***

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 or a particular region experiences a natural disaster (for example, as a result of climate change) or widespread health crises, a concentration of the Mortgage Loans in such a region may be expected to exacerbate certain of the risks relating to the Mortgage Loans described in this section. The economy of each geographic region within the United Kingdom is dependent on a different mixture of industries and other factors. 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. Any natural disasters or widespread health crises or the fear of such crises in a particular region may weaken economic conditions and reduce the value of affected Properties and/or negatively impact the ability of affected Borrowers to make timely payments on the Mortgage Loans. This may result in a loss being incurred upon the sale of such Properties. These circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Notes or an inability to make payments under the Certificates. For an overview of the geographical distribution of the Mortgage Loans as at the Portfolio Reference Date, see "*Statistical Information on the Provisional Mortgage Portfolio – Geographical Spread*".

### ***Buildings insurance***

The practice of the Legal Title Holder in relation to buildings insurance is described under the section entitled "*The Mortgage Portfolio — The Mortgage Loans - Insurance policies*" below. As the Legal Title Holder has the right to request proof of maintenance of insurance cover but does not in the ordinary course of business verify if building insurance has been taken out by a Borrower, the Legal Title Holder 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 Legal Title Holder's interest has been advised to the insurer. No assurance can therefore be given that the Legal Title Holder 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.

### ***Breathing Space Regulations***

Under the Breathing Space Regulations, an eligible individual in England and Wales may apply for a moratorium (either a breathing space moratorium or mental health crisis moratorium) in respect of 'qualifying debt'. A debtor may only enter into a breathing space moratorium whilst receiving debt advice (from a debt advice provider authorised to provide debt counselling under article 39E of the RAO or a local authority) and potentially entering into a debt solution. Breathing spaces will end either (a) 60 days from the date it started; (b) the day after a debt adviser or court cancels it; or (c) if the debtor dies during the breathing space period. In this case, the breathing space ends on the day after the debtor died.



In addition, in circumstances where the debtor is suffering from a mental health crisis, the debtor themselves or mental health professionals may apply to debt advisors for a mental health breathing space. This will end 30 days after the debtor's mental health crisis treatment ended, or 30 days after the date a debt adviser had no response after asking for confirmation from the nominated point of contact about a debtor's ongoing mental health crisis treatment.

A 'qualifying debt' includes any debt or liability other than 'non-eligible debt' (defined in regulation 5(4)) including, for example, secured debt which does not amount to arrears in respect of secured debt (regulation 5(4)(a)), whether or not it is entered into, or due to be paid or repaid, before the Breathing Space Regulations come into force (regulation 5(2)). This includes any amount that the debtor is liable to pay under or in relation to an order or warrant for possession of the debtor's place of residence (regulation 3(a)). Accordingly, arrears amounts on mortgage agreements and arrears in rental payments would constitute "qualifying debt". Interest can still be charged on the principal secured debt during the breathing space period, but not on the arrears. Any mortgage arrears incurred during any breathing space period are not protected from creditor action. The Borrower must continue to make mortgage payments in respect of any mortgage secured against its primary residence (save in respect of arrears accrued prior to the moratorium) during the breathing space period, otherwise the relevant debt adviser may cancel the breathing space period.

A moratorium includes protection from creditor action for most personal debts, including financial services debt, household bill arrears and most public sector debts. The Breathing Space Regulations impose obligations on consumer credit lenders, mortgage lenders and other regulated firms, to comply with the restrictions and obligations imposed by the moratorium on collection and enforcement of debts and application of interest and other charges. This may impact the Mortgage Loans insofar as these include arrears amounts on mortgage agreements, which will be within scope of breathing spaces. No enforcement action may be taken in respect of these arrears amounts for the duration of a breathing space. Additionally, tenants of rented properties are protected from evictions for the duration of a breathing space – however, the debtor needs to meet their ongoing rent obligation (the ongoing obligation to pay rent constitutes a new payment obligation incurred during the breathing space, and therefore is not a "qualifying debt" – only rental arrears fall within the scope of the Breathing Space Regulations). If payments in respect of ongoing obligations are not made, the debt adviser may elect to cancel the standard breathing space. Any such moratoria may adversely affect the Issuer's ability to make payments to the Noteholders and Certificateholders.

***No independent investigations; reliance on warranties in relation to the Mortgage Loans***

The Seller will give the Asset Warranties to each of the Issuer and the Trustee regarding the Mortgage Loans and their Related Security in which the Issuer will acquire a beneficial interest on the Closing Date under the Mortgage Sale Agreement. See the section entitled "*The Mortgage Sale Agreement—Representations and Warranties*" below for a summary of these.

None of the Trustee, the Arranger, the Lead Manager 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 and each relies instead on the warranties given in the Mortgage Sale Agreement by the Seller. As such, the Mortgage Loans may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the Related Security not being accepted as security for a Mortgage Loan had such matters been revealed.

Certain Asset Warranties are qualified by the knowledge of the Seller. In addition, the Seller and the Mortgage Servicer will have limited obligations to monitor compliance with such Asset Warranties following the Closing Date.

The knowledge of the Seller shall be deemed to refer to the actual knowledge of the Seller Senior Officers, together with the knowledge which such persons could have had if the Seller had actually carried out the procedures set out in the Legal Title Holder's Policy. Investors should note that such a knowledge qualifier limits the scope of the knowledge of the Seller (for the avoidance of doubt and in respect of the Asset Warranties, in relation to five Asset Warranties only, being those Asset Warranties that expressly refer to the knowledge of the Seller) and there is a risk that some information unrelated to the Legal Title Holder's Policies would not be captured where such knowledge qualifier is expressly included.

The primary remedy of the Issuer against the Seller if any of the Asset Warranties made by the Seller is materially breached or proves to be materially untrue as at the Closing Date will be to require the Seller to

reacquire 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. Furthermore, although the Seller and the Mortgage Servicer have undertaken, pursuant to the Mortgage Sale Agreement and Mortgage Servicing Agreement, to notify the Issuer (and, if applicable, the Mortgage Servicer) upon becoming aware of a material breach of any Asset Warranty, there shall be no obligation on the part of the Seller or the Mortgage Servicer (other than with respect to the Product Switch Asset Warranties) to monitor compliance of the Mortgage Loans with the Asset Warranties following the Closing Date. This may affect the quality of the Mortgage Loans and their Related Security in the Mortgage Portfolio and accordingly the ability of the Issuer to make payments due on the Notes and payments under the Certificates.

### ***Selection of the Portfolio***

The data used to produce the information in the section headed "*Statistical Information on the Provisional Mortgage Portfolio*" has been extracted from the systems of the Legal Title Holder as at the Portfolio Reference Date. The Provisional Mortgage Portfolio of mortgage loans from which the Mortgage Portfolio will be selected comprises 2,182 mortgage loans with a Current Balance of £433,269,167.15. As a result the Mortgage Portfolio as at the Closing Date will vary from those set out in the tables in this Prospectus in the section headed "*Statistical Information on the Provisional Mortgage Portfolio*" as a result of, *inter alia*, repayments and redemptions of mortgage loans prior to the Closing Date and the operation of a random selection process to select the Mortgage Portfolio. Investors should consider the impact of such variations on any investment in the Notes.

### ***The Collection Account***

The Seller will declare a sub-trust over its beneficial interest in the Collection Accounts in favour of itself and the Issuer, pursuant to the Collection Account Declaration of Trust. Investors should note that there is no notification to the Collection Account Bank of the creation of the sub-trust and, accordingly upon enforcement, there may be a delay in accessing Collections not yet swept to the Transaction Account but which beneficially belong to the Issuer.

## **D. MORTGAGE ADMINISTRATION AND THIRD PARTY RISKS**

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

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 Certificates or the Trust Documents (including the Conditions and the Certificate 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 of Notes or in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes 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 in the Mortgage Sale Agreement in accordance with the PRA Risk Retention Rules and the EU Securitisation Regulation (as in force on the Closing Date) regarding the material net economic interest to be retained by NBS in the securitisation and certain requirements as to providing investor information in connection therewith, the Trustee will not be under any obligation to monitor the compliance by NBS 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 and the Certificateholders) in accordance with the Conditions, the Certificate Conditions and/or the Transaction Documents).

Investors should note that any action or inaction of the Trustee pursuant to the foregoing may affect the ability of the Issuer to make payments of interest and principal on the Notes.

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

The Issuer is also party to contracts with a number of other 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 and a Swap Collateral Account for cash and the Custodian has agreed to provide a Swap Collateral Account in relation to securities to the Issuer, (iii) the Mortgage Servicer has agreed to service the Mortgage Portfolio, (iv) the Back-Up Mortgage Servicer Facilitator has agreed to assist the Issuer in relation to the appointment of a replacement Mortgage Servicer in certain circumstances, (v) the Cash Manager has agreed to provide cash management services, and (vi) the Paying Agents, the Registrar 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 and may ultimately become insolvent. 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*". 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 Transaction Documents do not contain any restrictions on the ability of any third party providing services to the Issuer to change their business plans and strategies and access other business lines or markets after the Closing Date. Any changes of the business plans and strategies of a third party service provider could expose that third party to additional risks (including regulatory, operational and systems risk) which could have an adverse effect on the ability of the third party to provide services to the Issuer and consequently could have an adverse effect on the Issuer's ability to perform its obligations under the Notes and Certificates.

***The Mortgage Servicer and the Back-Up Mortgage Servicer Facilitator***

The Mortgage Servicer will be appointed by the Issuer to administer the Mortgage Loans.

If the Mortgage Servicer resigns from its appointment as Mortgage Servicer or is required to terminate the performance of its duties as Mortgage Servicer in accordance with the terms of the Mortgage Servicing Agreement, the collection of payments on the Mortgage Loans could be disrupted during the transitional period in which the performance of the Mortgage Services is transferred to a successor Mortgage 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 and payments under the Certificates.

Such risks are mitigated by the provisions of the Mortgage Servicing Agreement pursuant to which, upon the occurrence of certain events (see the section entitled "*Triggers Tables – Non Rating Triggers Table*" for further information), the Back-Up Mortgage Servicer Facilitator will assist the Issuer in appointing a replacement Mortgage Servicer, which shall perform administration services in respect of the Mortgage Loans on substantially the same terms as those set out in the Mortgage Servicing Agreement. There can be no assurance that a successor Mortgage Servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Mortgage Loans on substantially the same terms as those set out in the Mortgage Servicing Agreement. In addition, any such successor Mortgage Servicer will be required to be authorised under the FSMA and the Financial Services and Markets Act 2000 (Regulated activities) Order 2001 (as amended) in order to administer Mortgage Loans that constitute Regulated Mortgage Contracts. The ability of any entity acting as a successor Mortgage Servicer to fully perform the required services would depend, among other things, on the information, software and records available at the time of the appointment.

In addition, Noteholders and Certificateholders should be aware that neither the Mortgage Servicer nor the Back-Up Mortgage Servicer Facilitator has itself the obligation to advance payments that Borrowers fail to make in a timely fashion.

***Change of counterparties***

The Transaction Parties 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 may 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 and payments under the Certificates and/or lead to a downgrade in the rating of the Class A Notes.

In addition, should the applicable criteria cease to be satisfied, then the relevant Transaction Parties may agree to amend or waive certain of the terms of the relevant Transaction 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 Class A Notes. The consent of Noteholders and Certificateholders may not be required in relation to such amendments and/or waivers and as such, investors should be aware that certain counterparties to the Transaction Documents may change from time to time without their consent (see section entitled "*Meetings of Noteholders and Certificateholders, modification and waiver*" below).

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

**E. RISKS RELATED TO THE RIGHTS OF NOTEHOLDERS, CERTIFICATEHOLDERS AND SECURED CREDITORS*****Rights of Noteholders, Certificateholders and Secured Creditors******Conflict between Noteholders and Certificateholders***

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). The Trustee will have regard to the interests of Noteholders and not the interests of Certificateholders (whilst the Notes are outstanding).

If, in the Trustee's opinion, however, there is or may be a conflict between the interests of the holders of one or more Classes of Notes on the one hand, and the interests of the holders of one or more Classes of Notes on the other hand, then the Trustee is required to have regard only to the interests of the holders of the relevant affected Class of Notes ranking in priority to other relevant Classes of Notes in the Post-Enforcement Payments Priority.

As a result, holders of Notes and Certificates other than the Most Senior Class may not have their interests taken into account by the Trustee when the Trustee exercises discretion where there is a conflict of interest.

In addition, prospective investors should note that the Trust Deed provides that no Extraordinary Resolution of the holders of a Class of Notes or Certificates, other than the holders of the Most Senior Class, shall take effect for any purpose while the Most Senior Class remains outstanding unless such Extraordinary Resolution shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class or the Trustee is of the opinion it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

NBS will, on the Closing Date, purchase 100 per cent. of the Class X Notes and the Class Z Notes, and NBS and the Lead Manager (or their affiliates) may also purchase Class A Notes for their own account. The Certificates will be delivered to NBS for partial payment of the Purchase Price in accordance with the terms of the Mortgage Sale Agreement.

Prospective investors should note that NBS, in holding such Notes and Certificates, will not be prevented from being entitled to attend meetings of the Noteholders and/or the Certificateholders or, while such Notes or Certificates are considered to be outstanding, vote at Noteholder and/or Certificateholder meetings or by way of Written Resolution (as applicable). The interests of NBS and/or affiliates or related entities of NBS may conflict generally with that of the other Noteholders and/or Certificateholders, and NBS and/or affiliates or related entities of NBS are not required to vote (where permitted) in any particular manner.

***Conflict Between Noteholders and other Secured Creditors***

So long as any of the Notes are outstanding, the Trustee shall, except where expressly provided otherwise, have regard solely to the interests of the Noteholders and not to the interests of the Certificateholders or the other Secured Creditors, its only obligation to such other Certificateholders or Secured Creditors being to pay to them any monies received by it and available for them in accordance with the applicable Payments Priorities.

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

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

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

- (a) concur with the Issuer and any other relevant parties in making any modification to the Conditions, the Certificate Conditions, the Trust Documents, the Notes or the other Transaction Documents:
  - (i) (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 interests of the holders of the Most Senior Class; or
  - (ii) in relation to which its consent is required, if, in the opinion of the Trustee, such modification is of a formal, minor or technical nature, or is made to correct a manifest error,

***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 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, the Certificates or any other of the Transaction Documents; and
- (c) 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, the Certificates or any of the other Transaction Documents,

***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 shall affect any authorisation, waiver or determination previously given or made).

In addition, ***provided that*** such modification is made in accordance with Condition 17.1 (*Modification*), the Trustee shall be obliged, without any consent or sanction of the Noteholders or the Certificateholders, 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 certain modifications (other than in respect of a Reserved Matter) to the Conditions, the Certificate 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 due to certain categorisations of modifications as set out in the Conditions and the Certificate Conditions.

The Trustee may also, without the consent of any of the Noteholders, the Certificateholders 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, for so long as the Notes remain outstanding, solely have regard to the interests of the Noteholders and not to the interests of the Certificateholders and 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.

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

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

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

### ***FCA Regulation of Mortgage Business***

The Legal Title Holder and the Mortgage Servicer each hold authorisation and permission to enter into and to administer and (where applicable) to advise in respect of Regulated Mortgage Contracts. Subject to certain exemptions, brokers will be required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts. The Issuer is not and does not propose to be an authorised person under the FSMA. Under the Regulated Activities Order, the Issuer does not require authorisation in order to acquire the beneficial interest in a Regulated Mortgage Contract. The Issuer does not carry on the regulated activity of administering Regulated Mortgage Contracts by having the relevant Regulated Mortgage Contracts administered pursuant to the Mortgage Servicing Agreement by an entity (being NBS in its capacity as Mortgage Servicer) having the required FCA authorisation and permission. If the Mortgage Servicing Agreement terminates, however, the Issuer will have a period of not more than one month beginning with the day on which any such arrangement comes to an end in which to arrange for mortgage administration to be carried out by a replacement servicer having the required FSMA authorisation and permission.

The Issuer will only hold beneficial title to the Mortgage Loans and their Related Security. In the event that legal title is transferred to the Issuer upon the occurrence of a Perfection Event, the Issuer must arrange for a servicer to administer these Mortgage Loans and is not expected to enter into any new Regulated Mortgage Contracts as lender under article 61(1) of the Regulated Activities Order. The Issuer will not itself be an authorised person under the FSMA. However, in the event that a mortgage is varied, such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity. In addition, after the MCD Order entered into force, no variation has been or will be made to the Mortgage Loans and no Further Advance or Product Switch has been or will be made in relation to a Mortgage Loan, where it would result in the Issuer arranging or advising in respect of, administering 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.

If the lender or any broker did not hold the required authorisation at the relevant time, the Regulated Mortgage Contract is unenforceable against a Borrower except with the approval of a court. If the financial promotion was not issued or approved by an authorised person, the Regulated Mortgage Contract and any other "qualifying credit" is unenforceable against the borrower except with the approval of a court. An

unauthorised person who administers a Regulated Mortgage Contract may commit a criminal offence, but this will not render the contract unenforceable against the borrower.

MCOB, which sets out the FCA's (and formerly, the FSA's) rules for regulated mortgage activities, came into force on 31 October 2004. These rules cover, *inter alia*, 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.

A Borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an FCA authorised person of a rule made under the FSMA. These rules include MCOB, and from 1 April 2014, include the Consumer Credit sourcebook which transposed certain requirements and guidance previously made under the Consumer Credit Act 1974 (described below). The Borrower may set-off the amount of the claim for such contravention against the amount owing by the borrower under the credit agreement or any other credit agreement he has taken with the authorised person. Any such set-off may adversely affect the Issuer's ability to make payments in full when due on the Notes and payments under the Certificates.

For more information see the section entitled "*Regulation of the UK Residential Mortgage Market*".

### ***Impact of UK EMIR and EU EMIR on the Fixed Rate Swap Agreement***

UK EMIR and EU EMIR prescribe a number of regulatory requirements for counterparties to derivatives contracts including (i) a mandatory clearing obligation for certain classes of OTC derivatives contracts ("**Clearing Obligation**"); (ii) margin posting (the "**Collateral Obligation**"), (iii) daily valuation and other risk mitigation requirements for OTC derivatives contracts not subject to clearing ("**Risk Mitigation Requirements**"); and (iii) certain reporting requirements. In general, the application of such regulatory requirements in respect of the Fixed Rate Swap Agreement will depend on the classification of the counterparties to such derivative transactions. In addition, regardless of the Issuer's classification under UK EMIR and/or EU EMIR, 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 reporting and record-keeping.

Pursuant to UK EMIR and EU EMIR, counterparties can be classified as: (i) financial counterparties ("**FCs**") (which includes a sub-category of small FCs ("**SFCs**")), and (ii) non-financial counterparties ("**NFCs**"). The category of "NFC" is further split into: (i) non-financial counterparties above the "clearing threshold" ("**NFC+s**"); and (ii) non-financial counterparties below the "clearing threshold" ("**NFC-s**"). Whereas FCs and NFC+ entities may be subject to the Clearing Obligation or, to the extent that the relevant swaps are not subject to clearing, to the Collateral Obligation and the daily valuation obligation under the Risk Mitigation Requirements, such obligations do not apply in respect of NFC- entities.

On the basis that the Issuer is currently an NFC- for the purposes of UK EMIR and a third country equivalent to NFC- (a "**TCE NFC-**") for the purposes of EU EMIR, neither the Clearing Obligation nor the Collateral Obligation should apply to it. However a change in its status cannot be ruled out and no assurances can be given that any future changes made to UK EMIR and/or EU EMIR would not cause the status of the Issuer to change and lead to the imposition of regulatory requirements under UK EMIR and / or EU EMIR in respect of the Fixed Rate Swap Agreement and to potentially adverse consequences as outlined above. Should the status of the Issuer change to NFC+ or FC for the purposes of UK EMIR and/or to a third country equivalent to a NFC+ or FC for the purposes of EU EMIR (a "**TCE NFC+**" or a "**TCE FC**" respectively), this may result in the application of the Clearing Obligation or the Collateral Obligation and daily valuation obligation under the relevant Risk Mitigation Requirements. In this regard, it should be noted that it is not clear whether the Fixed Rate Swap Agreement would be a relevant type of OTC derivative contract that would be subject to any Clearing Obligation under the relevant implementing measures made to date and may be affected by further measures, regulatory guidance and/or by any inability to rely on an exemption for any reason. It should also be noted that the collateral exchange obligations should not apply in respect of any swaps entered into prior to the relevant application date, unless such swap is materially amended on or after that date.

Prospective investors should note that there is some uncertainty with respect to the ability of the Issuer to comply with the Clearing Obligations and the collateral exchange obligation were they to be applicable, which may: (i) lead to regulatory sanctions; (ii) adversely affect the ability of the Issuer to continue to be party to the Fixed Rate Swap Agreement (possibly resulting in a restructuring or termination of the swap)

or to enter into the Fixed Rate Swap Agreement; and/or (iii) significantly increase the cost of such arrangements, thereby negatively affecting the ability of the Issuer to hedge certain risks. As a result, the amounts available to the Issuer to meet its obligations may be reduced, which may in turn result in investors receiving less interest or principal than expected.

The Issuer will be required to continually comply with UK EMIR and, in respect of the Fixed Rate Swap Agreement, EU EMIR, while it is party to any interest rate swaps, including any additional provisions or technical standards which may come into force after the Closing Date, and this may necessitate amendments to the Transaction Documents. Subject to receipt by the Trustee of a certificate from the Issuer (or the Servicer on its behalf) or the Swap Counterparty, as appropriate, certifying to the Trustee that the amendments requested by the Issuer are to be made solely for the purpose of enabling the Issuer and/or the Swap Counterparty to comply with any requirements under UK EMIR and/or EU EMIR, the Trustee with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents shall be obliged, without any consent or sanction of the Noteholders, to concur with the Issuer, in making any modification (other than in respect of a Reserved Matter) to the Conditions or any other Transaction Document to which the Trustee is a party in order to enable the Issuer to comply with any requirements which apply to it under UK EMIR and/or EU EMIR, subject to the provisos described more fully in the Conditions. The UK government has indicated that UK EMIR will be repealed with domestic legislation under the FSMA. 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.

Amendments to EU EMIR, imposing a revised EMIR reporting framework, came into effect in April 2024 through the EMIR REgulatory FITness Program ("**EMIR REFIT** "). Similarly, the FCA and the Bank of England previously published Policy Statement (PS23/2) confirming changes to the derivative reporting framework under UK EMIR which will become applicable from 30 September 2024. These changes represent the first substantive divergence between the EU EMIR and UK EMIR reporting regimes.

In addition, on 25 April 2024, the European Parliament adopted the proposed amendments to EU EMIR, known as "**EMIR 3.0**" introducing significant changes, inter alia, in respect of the clearing obligation, risk mitigation and margin requirements and trade reporting. Pending secondary implementing legislation, these rules are likely to evolve further, and their scope and application remains unclear. The final version of EMIR 3.0 was published in the Official Journal of the EU on 4 December 2024. The above highlights that differences between EU EMIR and UK EMIR already exist and they will only increase in the future, resulting in further costs and adverse effects in particular where the Issuer and/or the counterparties need to comply with both regimes.

#### ***Other changes to mortgage regulation***

It is possible that further changes may be made to the regulation of the UK mortgage industry as a result of further regulatory reforms. 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, the Issuer and/or the Mortgage Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments 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 Legal Title Holder, 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 sale 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 Legal Title Holder in relation to conduct and other issues that the Legal Title Holder is not presently aware of, including investigations and actions against the Legal Title Holder 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.



## **G. CERTAIN INSOLVENCY RISKS**

### ***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 and Certificates. If certain insolvency (or certain pre-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 section 176A of 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 or the laws affecting creditors' rights generally).

### ***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 Fixed Rate Swap Subordinated Amounts.

The UK Supreme Court held that such a subordination provision is valid under English law. Contrary to the determination of the UK Supreme Court, the 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. The implications of this conflicting judgment remain unresolved, particularly as several subsequent challenges to the US decision have been settled and certain other actions which raise similar issues are pending but have not progressed for some time.

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 Fixed Rate 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 and the Certificateholders, the market value of the Notes and the Certificates and/or the ability of the Issuer to satisfy its obligations under the Notes and the Certificates.

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 negative rating pressure in respect of the Notes. 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***

The law in England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer may take effect under English law as floating charges if, for example, it is determined that the Transaction Documents do not permit the Trustee to exert sufficient control over the Charged Property. 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.

The interest of the Secured Creditors in property and assets over which there is a floating charge will rank behind the expenses of any administration or liquidation and the claims of certain preferential creditors on enforcement of the Security. Section 250 of the Enterprise Act 2002 abolishes crown preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge) but Section 176A of the Insolvency Act requires a "prescribed part" (up to a maximum amount of £800,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders and Certificateholders. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors. Following the enactment of the Finance Act 2020, certain debts owed to HM Revenue and 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.

#### ***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 and the Certificates will not be adversely affected by such a reduction in floating charge realisations.

#### ***Risks relating to 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 and the Certificates. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that Noteholders or Certificateholders 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 payments under the Certificates and/or in the modification, cancellation or conversion of any unsecured portion of the liability of the Issuer under the Notes or Certificates at the relevant time. In this regard, it should be noted that the UK authorities have provided an exclusion for certain securitisation companies, which exclusion is expected to extend to the Issuer, although aspects of the relevant provisions are not entirely clear.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of the 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.

#### ***Corporate Insolvency and Governance Act 2020***

The 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 allows 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, 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 and Certificateholders.

## H. CERTAIN TAX CONSIDERATIONS

### *Securitisation Company Tax Regime*

The TSC Regulations 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 (so long as it satisfies the conditions of the TSC Regulations), for which provision is made by the TSC Regulations.

Investors 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 and/or Certificateholders.

### *Withholding or deduction under the Notes and the Certificates*

In the event that a withholding or deduction for or on account of any taxes is imposed by applicable law in respect of amounts payable under the Notes and/or the Certificates, neither the Issuer nor the Paying Agents nor any other person is obliged to gross up or otherwise compensate holders of Notes or Certificates for the lesser amounts which they will receive as a result of the imposition of such withholding or deduction.

Following the imposition of such withholding or deduction in respect of the Notes, the Issuer may redeem the Notes subject to the requirements of and in accordance with Condition 9.4 (*Optional Redemption in whole for taxation reasons*) if the Issuer has sufficient funds available, thereby shortening the average lives of the Notes.

The applicability of any withholding or deduction for or on account of United Kingdom tax on payments of interest on the Notes is discussed further under "*United Kingdom Taxation*" below.

## I. CERTAIN MARKET RISKS

### *Social, legal, political and economic factors may affect payments under the Notes and the Certificates and repayment of the Notes and are unpredictable*

A variety of social, legal, political and economic factors in the United Kingdom can affect the performance of the Mortgage Portfolio. Social factors include changes in public confidence levels that may

result from concerns about the state of the economy or public health matters (for example, a widespread epidemic), attitudes toward debt and changes in government. Economic factors include, but are not limited to, the rate of inflation, the unemployment rate, cost of living, cost of housing, increases in taxes and/or national insurance contributions and relative interest rates offered for various types of loans. For example, a severe deterioration in the economy for any reason (for example, such as may result from the present cost of living crisis) coupled with rising unemployment and base rates could have a negative impact on mortgage repayments and, residential property prices in the United Kingdom. Political factors include lobbying from interest groups, such as consumers and retailers, and government initiatives in consumer and related affairs and government-encouraged payment accommodations in times of economic stress such as during an epidemic.

It is difficult to determine whether, or to what extent, social, legal, political or economic factors will affect the payment patterns, default rates or the yield on the Mortgage Portfolio generally and therefore have a corresponding effect on the payment of the Notes and payments under the Certificates.

*For more information, please see section "The rising cost of living may exacerbate certain risks in relation to the Notes" below.*

#### ***The rising cost of living may exacerbate certain risks in relation to the Notes***

The rising cost of living is having a significant impact in the United Kingdom in respect of social behaviour, macroeconomic outlook and the response of the United Kingdom government. The United Kingdom government has provided guidance to regulated firms on how to address forbearance in the owner-occupied mortgage market.

On 16 June 2022, the FCA sent a "Dear CEO" letter which stated that the FCA consider that the Mortgages Tailored Support Guidance published on 25 March 2021 which was issued to address exceptional circumstances arising out of coronavirus, is also relevant for borrowers in financial difficulties due to other circumstances such as the rising cost of living (the "**Mortgages Tailored Support Guidance**"). The Mortgages Tailored Support Guidance confirms the FCA's expectation that action to seek possession should be a last resort.

In March 2023, the FCA published guidance addressing support for borrowers in light of the rising cost of living, including its finalised "Guidance for firms supporting their existing mortgage borrowers impacted by the rising cost of living" (FG23/2). This guidance clarified that the Mortgages Tailored Support Guidance remains relevant in the case of borrowers in financial difficulty due to the rising cost of living, and further stated that the purpose of this finalised guidance was not to set new expectations or requirements of lenders, but was to ensure that lenders are clear about the effect of the FCA rules and the range of options lenders have to support their customers including those who are facing higher interest rates alongside the rising cost of living. The FCA consulted on plans to incorporate aspects of the Mortgages Tailored Support Guidance into its MCOB and Consumer Credit (CONC) sourcebooks following CP23/13. In April 2024, the FCA published PS24/2 which confirmed that the FCA would be incorporating relevant aspects of its Tailored Support Guidance for Consumer Credit, Mortgages and Overdrafts into the FCA Handbook and had updated and replaced FG23/2 with FG24/2 which will take effect from 4 November 2024. As a consequence, the rising cost of living could exacerbate numerous risks in respect of the Notes and in this respect see "*Yield and Prepayment Considerations*", "*Default by Borrowers in paying amounts due on their Mortgage Loans*", "*Issuer reliance on other third parties*", and "*Social, legal, political and economic factors may affect payments under the Notes and the Certificates and repayment of the Notes and are unpredictable*" in particular, however the overall consequences of the rising cost of living are not known at this stage.

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. 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.

## **J. CLEARING AND SETTLEMENT**

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

Unless and until Definitive Notes and Definitive Certificates 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 or the Certificates 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 and Certificates 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 – General*" and "*Description of the certificates in Global Form – General*").

A nominee for the Common Safekeeper will be considered the registered holder of the Notes and Certificates as shown in the records of Euroclear or Clearstream, Luxembourg and will be the sole legal holder of the Global Note or Global Certificate under the Trust Deed while the Notes and or Certificates are represented by the Global Note or Global Certificate (as applicable). 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 or Certificateholder under the Trust Deed.

Unlike Noteholders and Certificateholder, 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 or Certificateholders. 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 or Definitive Certificates 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 and Certificates in physical form could make it difficult for a Noteholder or Certificateholder to pledge or grant any other form of security over such Notes or Certificates, if Notes or Certificates in physical form are required by the party demanding the pledge. This may also hinder the ability of a Noteholder or Certificateholder to resell such Notes or Certificates because some investors may be unwilling to buy Notes or Certificates that are not in physical form.

***Transfer Restrictions***

Certain transfers of Notes or Certificates or interests therein may only be effected in accordance with, and subject to, certain transfer restrictions and certification requirements and in accordance with the rules and regulations of any applicable clearing system. In order for a Noteholder or Certificateholder to effect a transfer of Notes or Certificates (as applicable) to a potential purchaser, the Noteholder or Certificateholder and the potential purchaser will need to comply with the applicable transfer restrictions (see "*Transfer Restrictions and Investor Representations*" below).

To the extent such transfer restrictions cannot be complied with, an investor should be prepared to hold its Notes or Certificates until the Final Maturity Date or until it can effect a transfer to a potential purchaser that complies with the requirements of the applicable transfer restrictions. In order to comply with any

applicable laws and regulations in respect of such transfer, potential purchasers of Notes and/or Certificates are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered. Investors should consider the transfer restrictions and note the risk of holding the Notes or Certificates until the Final Maturity Date may affect its plans in relation to any investment.

## **K. CERTAIN REGULATORY RISKS FOR POTENTIAL INVESTORS IN RESPECT OF THEIR INVESTMENT IN THE NOTES**

### *Change of law risks*

The structure of the transaction and, *inter alia*, the issue of the Notes and the Certificates 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 the Mortgage Portfolio, 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 (including, but not limited to, temporary measures as a result of concerns about the state of the economy or a public health matter) 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 and the Certificates. 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.

### *Prudential regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes*

In 2011, the international regulatory capital and liquidity framework was significantly updated by the Basel Committee to strengthen prudential rules intended to reinforce capital standards and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (such changes being commonly referred to as "**Basel III**"). The Basel III reforms were implemented in the EEA through EU CRR and EU CRD IV which became effective on 1 January 2014. Since 2014, various updates have been made to EU CRR and EU CRD, including in response to the Basel Committee's revisions to the securitisation framework and the banking reform package of EU CRR 2 and EU CRD V introduced in 2019. A new prudential regulatory regime for EU investment firms was also introduced on 26 June 2021 by EU IFR and EU IFD. As both EU CRD V and EU IFD allow certain national discretions, the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation.

In the UK, the EUWA onshored the directly applicable elements of EU CRD IV on 31 December 2020 and preserved existing UK law implementing EU CRD IV. Elements of EU CRR 2, including revisions to the leverage ratio, counterparty risk capital requirements and the net stable funding ratio, were implemented in the UK on 1 January 2022. Following entry into force of the Financial Services Act 2021, new prudential requirements for FCA-authorized investment firms (other than those prudentially supervised by the PRA) were introduced by the FCA effective as of 1 January 2022, whereas UK credit institutions and UK investment firms prudentially supervised by the PRA remain subject to the CRR, as onshored in the UK, or to such successor regimes as the PRA may subsequently develop. The PRA also consulted on the introduction of an alternative "strong and simple" prudential regime for firms that are not systemically important or internationally active. The PRA subsequently issued its policy statement (PS15/23) on the framework, renaming the regime to the Small Domestic Deposit Takers' ("**SDDT**") regime. Firms that meet the SDDT criteria and have received a "modification by consent" may benefit from fewer disclosure requirements and reduced liquidity reporting. Liquidity and reporting rules under this regime will take effect from 1 July 2024.

Further reforms under so-called "**Basel 3.1**", including changes to the standards for credit risk and operational risk, the quantification of credit valuation adjustment risk and the internal ratings-based approach, were intended to be implemented on 1 January 2023. In the EU, the principal measures implementing Basel 3.1 are set out in Regulation 2024/1623 ("**CRR3**"), which was published in the Official Journal in June 2024 and which will mostly take effect from January 2025 unless delayed further, save among other things for certain elements implementing the Fundamental Review of the Trading Book which will come into effect in 2025. In the UK, the PRA published its policy statement on the implementation of Basel 3.1 in December 2023 and September 2024 attaching near final rules, which are expected to come

into forced in January 2026. It can be expected that both in the EU and the UK amendments to capital requirements will continue to develop before final rules are approved.

The changes under EU CRD and EU CRR and equivalent UK regulatory capital framework, and investment firm regimes 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. Prospective investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences for 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.

#### ***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 and/or the Certificates. In Europe, the US 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 for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes and/or the Certificates are responsible for analysing their own regulatory position and none of the Issuer, the Arranger, the Lead Manager, or NBS makes any representation to any prospective investor or purchaser of the Notes or Certificates 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.

#### ***Securitisation Regimes in the UK and the EU***

The EU Securitisation Regulation applies in general in respect of securitisations closed on or after 1 January 2019. It establishes certain common rules for all securitisation transaction parties that fall within its scope.

The EU Securitisation Regulation has direct effect in member states of the EU. Following the Decision of the EEA Joint Committee No 145/2024 of 12 June 2024 to, inter alia, incorporate the EU Securitisation Regulation into the EEA Agreement, it is expected to apply more broadly in the EEA. The application of the Securitisation Regulation in Iceland, Norway and Liechtenstein will, however, require implementation in national law.

Following the UK's withdrawal from the EU at the end of 2020, it has introduced a new domestic framework for the regulation of securitisation (the "**UK Securitisation Framework**") under the FSMA consisting of the relevant parts of FSMA along with the Securitisation Regulations 2024 (SI 2024/102), as amended ("**SR 2024**"), the Securitisation Part of the PRA Rulebook, as amended (the "**PRA Securitisation Rules**") and the securitisation sourcebook of the FCA Handbook ("**SECN**"). The UK Securitisation Framework applies in general in respect of securitisations closing on or after 1 November 2024 and it also establishes rules for securitisation transaction parties that fall within the scope of its constitutive elements. The content of the UK Securitisation Framework is broadly similar in substance to the content of the EU Securitisation Regulation, with some exceptions, and the FCA and the PRA have announced their intention to consult on further changes to their respective rules in due course. This consultation is currently expected to be published in H2 2025 and may make significant changes to the UK Securitisation Framework that may significantly increase the level of divergence with the EU Securitisation Regulation.

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



With respect to the commitment of NBS to retain a material net economic interest in the securitisation pursuant to Article 6 of the EU Securitisation Regulation (as in force on the Closing Date) and Article 6 of Chapter 2 of the PRA Securitisation Rules together with Chapter 4 of the PRA Securitisation Rules (collectively, the "**PRA Risk Retention Rules**"), and with respect to the information to be made available by the Issuer (or by the Mortgage Servicer on the Issuer's behalf) please see the statements set out in "*Impact of regulatory initiatives on certain investors*". Relevant investors are required to assess independently and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements. None of the Issuer, the Arranger, the Lead Manager, the Seller nor any of the other Transaction Parties makes any representation that the information described above is sufficient for such purposes. Various parties to the Transaction are also subject to the requirements of certain parts of the UK Securitisation Framework. However, some uncertainty remains in relation to the interpretation of some of these requirements and what is or will be required to demonstrate compliance to the relevant UK regulators.

Prospective investors are referred to the sections entitled "*General Information*", "*Certain Regulatory Requirements*", and "*The Mortgage Servicer and the Mortgage Servicing Agreement*" for further details and should note that there can be no assurance that the information in this Prospectus or to be made available to investors in accordance with Article 7 of Chapter 2 of the PRA Securitisation Rules, Chapter 5 of the PRA Securitisation Rules (including its Annexes) and Chapter 6 of the PRA Securitisation Rules (including its Annexes) (collectively, the "**PRA Transparency Rules**") and/or the FCA Transparency Rules by NBS will be adequate for any prospective institutional investors to comply with their due diligence obligations under the UK Securitisation Framework or the EU Securitisation Regulation, as applicable.

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

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

In this regard, investors should further note that the Issuer only intends to comply with the EU Securitisation Regulation as it is in force on the Closing Date. See further "*Certain Regulatory Disclosures – Reporting under the relevant Securitisation Regulation*". Investors should consider the effect of such level of compliance on their investment.

### ***Simple, Transparent and Standardised Securitisations***

The UK Securitisation Framework makes provision for a securitisation transaction to be designated as an STS Securitisation. In order to obtain this designation, a transaction is required to comply with STS Criteria and one of the originator or sponsor in relation to such transaction is required to file an STS Notification.

The Seller believes, to the best of its knowledge, that the elements of the STS Criteria will have, at the Closing Date, been complied with in relation to the Notes, and it is intended that an STS Notification will be filed in relation to the Notes as at the Closing Date. However, none of the Issuer, NBS (in its capacity as the Mortgage Servicer, the Seller and the Legal Title Holder), the Arranger, the Lead Manager, the Fixed Rate Swap Provider, the Account Bank, the Cash Manager, the Custodian, the Agents or the Trustee gives any explicit or implied representation or warranty (a) as to inclusion in the list administered by the FCA within the meaning of SECN 2.5 of the UK STS Requirements, (b) that the securitisation transaction described in this Prospectus does or continues to comply with the PRA Securitisation Rules and SECN or (c) that this securitisation transaction does or continues to be recognised or designated as 'STS' or 'simple, transparent and standardised' within the meaning of Article 12 of the SR 2024 after the date of this Prospectus. The 'STS' status of the Notes may change and prospective investors should verify the current status of the Notes on the FCA STS register website. Investors should also note that, to the extent the Notes are designated an STS Securitisation, the designation of a transaction as an STS Securitisation is not an assessment by any party as to the creditworthiness of that transaction but is instead a reflection that the specific requirements of the UK STS Requirements have been met as regards compliance with the STS Criteria.

Investors should consider the consequence from a regulatory perspective of the Notes not being considered an STS Securitisation, including (but not limited to) that the lack of such designation may negatively affect the regulatory position of the Notes and, in addition, have a negative effect on the price and liquidity of the Notes in the secondary market.

None of the Arranger or the Lead Manager or any of their respective affiliates, make any representation or accept liability with respect to whether or not the transaction qualifies as an STS securitisation in the UK under the UK STS Requirements. For the avoidance of doubt, designation as an UK STS securitisation 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 will not be available. While it is possible that in due course, as part of the wider review of the EU Securitisation Regulation regime, an equivalence regime for non-EU STS securitisations may be introduced in the EU, resulting in the UK STS regime being considered equivalent (akin to the equivalence regime introduced by FSMA for non-UK STS securitisations), no assurances can be made that such equivalence regime will be introduced or that, when introduced, it will benefit the EU regulatory treatment of the Notes. For such reason, no notification will be made to ESMA pursuant to the EU Securitisation Regulation.

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

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 US Volcker Rule***

The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include US banks and bank holding companies and many non-US 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. 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 and the Certificates may be materially and adversely affected, since banking entities could be prohibited from, or face restrictions in, investing in the Notes and the Certificates. Any prospective investor in the Notes and the Certificates, including a US or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule. See also "*Certain Regulatory Disclosures – Volcker Rule*" for more detail.

***US Risk Retention***

The US Risk Retention Rules 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 US 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 sponsor for the purposes of the US Risk Retention Rules, but rather will be made in reliance on an exemption provided for in Section 20 of the US Risk Retention Rules regarding non-US transactions. Such non-US 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 US persons (in each case, as defined in the US Risk Retention Rules) or for the account or benefit of US persons (as defined in the US Risk Retention Rules and referred to in this Prospectus as "**Risk Retention US Persons**"); (3) neither the sponsor nor the issuer of the securitisation transaction is organised under US law or is an unincorporated branch located in the United States of a non-US entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Transaction provides that the Notes may not be purchased by Risk Retention US Persons except in accordance with the exemption under Section 20 and with the prior consent of NBS. Prospective investors should note that the definition of US person in the US Risk Retention Rules is different from the definition of US person under Regulation S under the Securities Act and that an investor could be a Risk Retention US Person but not a US person under Regulation S.

The consequences of non-compliance with the US Risk Retention Rules are unclear, but investors should note that the liquidity and/or value of the Notes could be adversely affected by any such non-compliance.

***CRA Regulation***

In general, European regulated investors are restricted under 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).

Similarly, in general, UK regulated investors are restricted under the UK CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the UK and registered under the UK 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-UK credit rating agencies, unless the relevant credit ratings are endorsed by a UK-registered credit rating agency or the relevant non-UK rating agency is certified in accordance with the UK CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

Credit ratings included or referred to in this Prospectus have been or, as applicable, may be issued by Fitch and Moody's. Fitch is a credit rating agency established in the United Kingdom and is registered under the UK CRA Regulation. Moody's is a credit rating agency established in the United Kingdom and is registered under the UK CRA Regulation.

If the status of the rating agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, 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.

***Legal considerations may restrict certain investments***

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

## 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>	Lace Funding 2025-1 PLC	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	See the sections entitled " <i>Diagrammatic Overview of the Ownership Structure</i> " and " <i>Issuer</i> " for further information
<b>Legal Title Holder</b>	Nottingham Building Society	Nottingham House, 3 Fulforth Street, Nottingham NG1 3DL	See the section entitled " <i>Nottingham Building Society</i> " for further information
<b>Seller</b>	Nottingham Building Society	Nottingham House, 3 Fulforth Street, Nottingham NG1 3DL	Mortgage Sale Agreement  See the section entitled " <i>The Mortgage Sale Agreement</i> " for further information
<b>Mortgage Servicer</b>	Nottingham Building Society	Nottingham House, 3 Fulforth Street, Nottingham NG1 3DL	Mortgage Servicing Agreement  See the section entitled " <i>The Mortgage Servicer and the Mortgage Servicing Agreement</i> " for further information
<b>Back-Up Mortgage Servicer Facilitator</b>	CSC Capital Markets UK Limited	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Mortgage Servicing Agreement  See the section entitled " <i>The Mortgage Servicer and the Mortgage Servicing Agreement</i> " for further information
<b>Cash Manager</b>	Citibank N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	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>Fixed Rate Swap Provider</b>	Lloyds Bank Corporate Markets plc	25 Gresham Street, London, EC2V 7HN	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>	Citibank N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	Account Bank Agreement  See the sections entitled " <i>Key Structural Features – Transaction Account</i> " for further information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further information</b>
<b>Collection Account Bank</b>	National Westminster Bank plc	250 Bishopsgate, London, England, EC2M 4AA	N/A
<b>Trustee</b>	Citicorp Trustee Company Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	Trust Deed and Deed of Charge See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information
<b>Registrar</b>	Citibank N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information
<b>Agent Bank</b>	Citibank N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information
<b>Principal Paying Agent</b>	Citibank N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	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, Canary Wharf, United Kingdom, E14 5HU	Corporate Services Agreement See the section entitled " <i>Issuer</i> " for further information
<b>Arranger</b>	Alantra Corporate Portfolio Advisors International Limited	1 <sup>st</sup> Floor, 25 Cannon Street, London, EC4M 5SB	Subscription Agreement
<b>Lead Manager</b>	Lloyds Bank Corporate Markets PLC	25 Gresham Street, London, EC2V 7HN	Subscription Agreement See the section entitled " <i>Subscription and Sale</i> " for further information.
<b>Holdings</b>	Lace Funding Holdings Limited	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	See the sections entitled " <i>Diagrammatic Overview of the Ownership Structure</i> " and " <i>Holdings</i> " for further information
<b>Share Trustee</b>	CSC Corporate Services (UK) Limited	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	See the section entitled " <i>Diagrammatic Overview of the Ownership Structure</i> "

## FULL CAPITAL STRUCTURE OF THE NOTES AND THE CERTIFICATES

	<u>Class A</u>	<u>Class X</u>	<u>Class Z</u>	<u>Certificate</u>
<b>Currency</b>	£	£	£	£
<b>Initial Principal Amount</b>	£350,000,000	£6,550,000	£38,889,000	N/A
<b>Credit Enhancement Features</b>	Subordination of Class Z Notes, General Reserve Fund and excess Available Issuer Revenue*	N/A	N/A	N/A
<b>Liquidity Support Features</b>	General Reserve Fund applied to make up Revenue Shortfall and Available Issuer Principal applied to make up Remaining Revenue Shortfall	N/A	N/A	N/A
<b>Issue Price</b>	100%	100%	100%	N/A
<b>Interest Rate</b>	Compounded Daily SONIA + Initial Margin or Step-Up Margin, as applicable**	0.00%	Compounded Daily SONIA + Initial Margin	N/A
<b>Initial Margin</b>	Up to and excluding the Step-Up Date, 0.55% p.a.	0.00%	Up to and excluding the Step-Up Date, 0.00% p.a	N/A
<b>Step-Up Margin</b>	From and including the Step-Up Date, 0.825% p.a.	N/A	N/A	N/A
<b>Interest Accrual Method</b>	ACT/365 (fixed)			

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

\*\* The minimum Interest Rate is 0.00% per annum ("p.a").

FULL CAPITAL STRUCTURE OF THE NOTES

	<b>Class A</b>	<b>Class X</b>	<b>Class Z</b>	<b>Certificate</b>
<b>Interest Payment Dates</b>	Interest payable on the Notes will be payable quarterly in arrear on the Interest Payment Date falling on February, May, August and November in each year commencing on the First Interest Payment Date, subject to the Business Day Convention.			
<b>Business Day Convention</b>	Following			
<b>First Interest Payment Date</b>	The Interest Payment Date falling in 21 May 2025			
<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 May 2030			
<b>Optional Redemption Date</b>	The Interest Payment Date falling on May 2030			
<b>Pre-Enforcement Redemption Profile</b>	Pass through redemption on each Interest Payment Date to the extent of Available Issuer Principal subject to and in accordance with the Pre-Enforcement Principal Payments Priorities. If a Portfolio Purchase Option is exercised, 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 Priority. Please refer to " <i>Cashflows and Cash Management</i> " below.			
<b>Other Early Redemption in Full Events</b>	Tax/Clean up call. Please refer to Condition 9 ( <i>Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation</i> ).			
<b>Final Maturity Date</b>	The Interest Payment Date falling in November 2074			
<b>Form of the Notes</b>	Registered Notes	Registered Notes	Registered Notes	N/A
<b>Application for Listing</b>	London Stock Exchange	London Stock Exchange	London Stock Exchange	N/A
<b>ISIN</b>	XS2982091360	XS2982091444	XS2982091790	XS2982115649



FULL CAPITAL STRUCTURE OF THE NOTES

	<u>Class A</u>	<u>Class X</u>	<u>Class Z</u>	<u>Certificate</u>
<b>Common Code</b>	298209136	298209144	298209179	298211564
<b>Clearance/ Settlement</b>	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg
<b>Minimum Denomination</b>	£100,000 and £1,000 thereafter	£100,000 and £1,000 thereafter	£100,000 and £1,000 thereafter	N/A
<b>US Regulation</b>	Reg S	Reg S	Reg S	N/A
<b>Expected Ratings (Fitch/Moody's)</b>	AAAsf / Aaa(sf)	Not rated	Not rated	N/A

**OVERVIEW OF THE CHARACTERISTICS OF THE NOTES AND THE CERTIFICATES**

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

**Ranking of Payments of Interest:**

Payments of interest on the Notes will be made in the following order of priority:

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

Payments of interest on the Class X Notes and 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.

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, the Class X 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 be paid (prior to an Event of Default) from Principal Receipts and rank as follows:

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

Payments of principal on the Class X Notes will be paid from Revenue Receipts (prior to an Event of Default) in accordance with the Pre-Enforcement Revenue Payments Priority.

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*".

**Certificates:**

On the Closing Date, the Issuer will also issue to the Seller the Certificates. The Certificates represent the right to receive the Certificate Payments following payment of all senior items in the relevant Payments Priority by way of deferred consideration for the purchase by the Issuer of the Mortgage Portfolio.

The Certificates will be issued in registered form. The Certificates will be issued pursuant to Regulation S and will not be listed but will be cleared through Euroclear and/or Clearstream, Luxembourg. On any Interest Payment Date prior to (but excluding) (i) (A) the Portfolio Purchase Option Completion Date, (B) the date the Notes are redeemed pursuant to the Issuer exercising an option pursuant to Condition 9.3

(Optional Redemption pursuant to 10 per cent. clean-up call) or Condition 9.4 (Optional Redemption in whole for taxation reasons) or (C) service of an Enforcement Notice, all Available Issuer Revenue remaining after application thereof to meet items (a) to (n) of the Pre-Enforcement Revenue Payments Priorities or (ii) falling on (A) the Portfolio Purchase Option Completion Date, (B) the date the Notes are redeemed pursuant to the Issuer exercising an option pursuant to Condition 9.3 (Optional Redemption pursuant to 10 per cent. clean-up call) or Condition 9.4 (Optional Redemption in whole for taxation reasons) or (C) service of an Enforcement Notice or following service of an Enforcement Notice, all Available Issuer Revenue and Available Issuer Principal remaining after application thereof to meet items (a) to (l) of the Post-Enforcement Payments Priority shall be paid to the holders of the Certificates.

**Most Senior Class:**

means:

- (a) the Class A Notes while they remain outstanding; or
- (b) if there are no Class A Notes then outstanding, the Class X Notes; or
- (c) if there are no Class A Notes or Class X Notes then outstanding, the Class Z Notes; or
- (d) if there are no Notes then outstanding, the Certificates.

**Security:**

The Notes and the Certificates 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) charges by way of an assignment by way of security of (and, to the extent not effectively assigned to the Trustee, a charge by way of first fixed charge over) the Issuer's Benefit in the Transaction Documents (other than the Trust Deed, and the Deed of Charge) and any sums derived therefrom (**provided that** the assignment of the Issuer's rights under any Fixed Rate Swap Agreement shall be subject to any rights of set-off or netting provided thereunder);
- (b) charges by way of an assignment by way of security of (and, to the extent not effectively assigned to the Trustee, a charge by way of first fixed charge over) (in each case, subject to the subsisting rights of redemption of the relevant Borrowers) the Issuer's interest in the Mortgage Loans and their Related Security and other related rights comprised in the Mortgage Portfolio and any sums derived therefrom;
- (c) charges by way of a first fixed charge over the Issuer's interest in its bank and/or securities accounts (including the Issuer Accounts) maintained with the Account Bank and the Custodian and (to the extent of its interest) any other bank or custodian and any sums or securities standing to the credit thereof;
- (d) charges by way of first fixed charge over the Issuer's interest in all Authorised Investments permitted to be

## OVERVIEW OF THE CHARACTERISTICS OF THE NOTES AND THE CERTIFICATES

made by the Issuer or the Cash Manager (acting on the instructions of the Issuer) on its behalf;

- (e) charges by way of an assignment by way of first fixed security of (and, to the extent not assigned, a charge by way of first fixed charge over) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit under the Collection Account Sub-Trust (created pursuant to the Collection Account Declaration of Trust);
- (f) an assignment by way of first fixed security of the Issuer's rights, title, interest and benefit in any Insurance Policies; and
- (g) 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 Priority.

### **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 X Notes and the Class Z Notes may be deferred in accordance with Condition 8.10 (*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 or the Certificateholders if there is any withholding or deduction for or on account of taxes from any payments made to the Noteholders or Certificateholders in respect of the Notes or the Certificates respectively.

### **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 Issuer Principal, as fully set out in Condition 9.2 (*Mandatory Redemption in part*);
- (c) mandatory redemption of the Notes in full following exercise by the Portfolio Purchase Option Holder of the Portfolio Purchase Option (or optional redemption by the Issuer), on any Interest Payment Date when the Principal Amount Outstanding of the Notes is less than 10 per cent. of the Principal Amount Outstanding of the Notes on the Closing Date, as fully set out in

Condition 9.3 (*Optional Redemption pursuant to 10 per cent. clean-up call*);

- (d) mandatory redemption of the Notes in full following exercise by the Portfolio Purchase Option Holder of the Portfolio Purchase Option (or optional redemption by the Issuer), on any Interest Payment Date following a change in tax law or otherwise by reason of a change in law (where the negative effects of such change cannot otherwise be mitigated by substitution of the Issuer or an appointment of alternative Paying Agent), as fully set out in Condition 9.4 (*Optional Redemption in whole for taxation reasons*); and
- (e) mandatory redemption of the Notes in full following the exercise of the Portfolio Purchase Option by the Portfolio Purchase Option Holder, as fully set out in Condition 9.5 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*),

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 (and including) 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 any principal due on the Most Senior Class 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 **provided that** for the avoidance of doubt, the non-payment of Deferred Interest on the Most Senior Class accrued and deferred prior to it becoming the Most Senior Class shall not be an Event of Default unless such Deferred Interest is not paid prior to the Final Maturity Date;
- breach of contractual obligations by the Issuer which is materially prejudicial to the interests of the holders of the Most Senior Class, and which is either incapable of remedy or, if capable of remedy, not remedied within 30 calendar days (or such other time agreed between the parties);
- 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.

OVERVIEW OF THE CHARACTERISTICS OF THE NOTES AND THE CERTIFICATES

- Limited Recourse:** All the Notes and the Certificates are ultimately 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*) and Certificate Condition 10 (*Limited Recourse*).
- Non-petition:** Only the Trustee may pursue the remedies available under the general law or 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 AND CERTIFICATEHOLDERS**

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

**Prior to an Event of Default:** Noteholders holding not less than 10% of the aggregate Principal Amount Outstanding of a Class or Classes of the Notes outstanding of the relevant Class or Classes of Notes or Certificateholders representing not less than 10 per cent. of the number of Certificates then outstanding 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 or Certificateholders 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, Certificateholders and 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.

**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, if the Most Senior Class is the Certificates, not less than 10 per cent. of the number of Certificates then outstanding 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. Certificateholders may only deliver an Enforcement Notice once the Notes have been redeemed in full.

**Noteholders meeting provisions:**

	<b>Initial Meeting:</b>	<b>Adjourned meeting:</b>
Notice period:	21 clear days for the initial meeting (and no more than 180 clear days)	10 clear days for the adjourned meeting (and no more than 42 clear days)
Place of meeting:	United Kingdom (or virtual)	United Kingdom (or virtual)
Quorum:	<i>Ordinary Resolution</i> Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the relevant Class or	<i>Ordinary Resolution</i> Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 10 per cent. of the Principal Amount Outstanding of the relevant Class or

OVERVIEW OF RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS

	Classes of Notes then outstanding, for transaction of business (other than Reserved Matters and matters that are subject to Extraordinary Resolution) including the consideration of an Ordinary Resolution.	Classes of Notes then outstanding, for transaction of business (other than Reserved Matters and matters that are subject to Extraordinary Resolution) including the consideration of an Ordinary Resolution.
	<i>Extraordinary Resolution</i>	<i>Extraordinary Resolution</i>
	Subject to more detailed provisions of the Trust Deed, one or more persons holding or representing in aggregate not less than 50 per cent. of the Principal Amount Outstanding of the Notes then outstanding of the relevant class or classes (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)	Subject to more detailed provisions of the Trust Deed, one or more persons holding or representing in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the Notes then outstanding of the relevant class or classes (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 50% of the Principal Amount Outstanding of the Notes then outstanding of the relevant class or classes)
Required majority:	For an Ordinary Resolution, not less than 50% of votes cast; for an Extraordinary Resolution, not less than 75% of votes cast	For an Ordinary Resolution, not less than 50% of votes cast; for an Extraordinary Resolution, not less than 75% of votes cast
Written Resolution:	75% of the Principal Amount Outstanding of the Notes then outstanding of the relevant class or classes. A Written Resolution and/or an Electronic Consent has	75% of the Principal Amount Outstanding of the Notes then outstanding of the relevant class or classes. A Written Resolution and/or an Electronic Consent has



OVERVIEW OF RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS

		the same effect as an Extraordinary Resolution.	the same effect as an Extraordinary Resolution.
<b>Certificateholders meeting provisions:</b>		<b>Initial Meeting:</b>	<b>Adjourned meeting:</b>
	Notice period:	21 clear days for the initial meeting (and no more than 180 clear days)	10 clear days for the adjourned meeting (and no more than 42 clear days)
	Place of meeting:	United Kingdom (or virtual)	United Kingdom (or virtual)
	Quorum:	<i>Ordinary Resolution</i>	<i>Ordinary Resolution</i>
		Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 25 per cent. of the number of Certificates then outstanding for the initial meeting for transaction of business (other than Reserved Matters and matters that are subject to Extraordinary Resolution) including the consideration of an Ordinary Resolution.	Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 10 per cent. of the number of Certificates then outstanding for transaction of business (other than Reserved Matters and matters that are subject to Extraordinary Resolution) including the consideration of an Ordinary Resolution.
		<i>Extraordinary Resolution</i>	<i>Extraordinary Resolution</i>
		Subject to more detailed provisions of the Trust Deed, one or more persons holding or representing in aggregate not less than 50 per cent. of the number of Certificates then outstanding (other than an Extraordinary Resolution regarding a Reserved Matter, which requires one or more persons holding or representing not less than in aggregate 75% of the number of Certificates then outstanding)	Subject to more detailed provisions of the Trust Deed, one or more persons holding or representing in aggregate not less than 25 per cent. of the number of Certificates then outstanding (other than an Extraordinary Resolution regarding a Reserved Matter, which requires one or more persons holding or representing not less than in aggregate 50% of the number of Certificates then outstanding)

## OVERVIEW OF RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS

Required Majority:	For an Ordinary Resolution, not less than 50% of votes cast; for an Extraordinary Resolution, not less than 75% of votes cast	For an Ordinary Resolution, not less than 50% of votes cast; for an Extraordinary Resolution, not less than 75% of votes cast
Written Resolution:	At least 75% of the Certificates then outstanding. A Written Resolution and/or an Electronic Consent has the same effect as an Extraordinary Resolution.	

### **Additional Right of Modification:**

Subject to certain conditions set out in Condition 17.2 (*Additional Right of Modification*), and Certificate 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, the Certificate 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 any obligations which apply to it under UK EMIR and/or EU EMIR (as 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 the UK Securitisation Framework, including as a result of the adoption of regulatory technical standards in relation to the UK Securitisation Framework or any other risk retention legislation or regulations or official guidance in relation thereto;
- (d) for the purpose of complying with any changes in the requirements of the EU Securitisation Regulation, including as a result of the adoption of regulatory technical standards in relation to the EU Securitisation Regulation or any other risk retention legislation or regulations or official guidance in relation thereto;
- (e) for the purpose of enabling the Notes to remain listed on the Stock Exchange;
- (f) for the purpose of enabling the Issuer or any of the other Transaction Parties to comply with FATCA;
- (g) for the purpose of complying with any changes in the requirements of the UK CRA Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the UK CRA3

## OVERVIEW OF RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS

Requirements, including any requirements imposed by the UK Securitisation Framework and/or any other new regulations or official guidance in relation thereto;

- (h) for the purpose of changing the SONIA Reference Rate or the base rate that then applies in respect of the applicable Notes and/or any consequential amendments to any related Fixed Rate Swap Agreement to an Alternative Base Rate and make such other related or consequential amendments as are necessary or advisable in the reasonable judgment (or the Mortgage Servicer on its behalf) of the Issuer to facilitate such Base Rate Modification;
- (i) 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 Mortgage Servicer on its behalf) and the Fixed Rate Swap Provider 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 Floating Rate Notes following such Base Rate Modification,
- (j) in order to allow the Issuer to open additional accounts with an additional account bank or to move the Issuer Accounts to be held with an alternative account bank with the required ratings, provided that the Issuer has certified to the Trustee (upon which certification the Trustee shall be entitled to rely absolutely and without liability) that (i) such action would not have an adverse effect on the then current ratings of the Class A Notes, and (ii) if a new account bank agreement is entered into, such agreement will be entered into on substantially the same terms as the Account Bank Agreement **provided further** that if the Issuer determines that it is not practicable to agree terms substantially similar to those set out in the Account Bank Agreement with such replacement financial institution or institutions and the Issuer certifies in writing to the Trustee that the terms upon which it is proposed the replacement bank or financial institution will be appointed are reasonable commercial terms taking into account the then prevailing current market conditions, whereupon a replacement agreement will be entered into on such reasonable commercial terms and the Trustee shall be entitled to rely absolutely on such certification without any liability to any person for so doing (notwithstanding that the fee payable to the replacement account bank may be higher or other terms may differ materially from those on which the previously appointed bank or financial institution agreed to act), or
- (k) in the case of any modification to a Transaction Document proposed by any of the Cash Manager, the Seller, the Mortgage Servicer, the Account Bank, the Custodian, and/or the Fixed Rate Swap Provider (for the purposes of this limb (k) only, each a **Relevant Party**) in order (x) to enable the party to be eligible or 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) **provided that** the Relevant

## OVERVIEW OF RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS

Party certifies in writing to the Issuer and the Trustee that such modification is necessary for the purposes described in (k)(x) or (k)(y) above;

**provided that** (amongst other things and save in the case of any modification required to permit the Issuer or the Fixed Rate Swap Provider to comply with their obligations under UK EMIR and/or EU EMIR (as applicable)):

- (i) at least 30 calendar days' prior written notice of any such proposed modification; has been given to the Trustee;
- (ii) the 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 (j) above 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;
- (iii) the consent of each Transaction Party which is party to the relevant Transaction Documents has been obtained;
- (iv) the Trustee is satisfied that it has or has been or will be reimbursed for all costs, fees and expenses (including properly incurred legal fees) incurred by it in connection with such modification;
- (v) the Issuer 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); and
- (vi) the Issuer certifies in writing to the Trustee that (A) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class and the Certificateholders of the proposed modification in accordance with Condition 22 (*Notices*) and Certificate Condition 21 (*Notices*) and may publish on Bloomberg on the "Company News" screen relating to the Notes and (B) 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

## OVERVIEW OF RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS

Amount Outstanding of the Most Senior Class outstanding or Certificateholders representing at least 10 per cent. of the Certificates then outstanding within such notification period notifying the Trustee that such Noteholders or Certificateholders do not consent to the modification.

<b>Reserved Matters:</b>	Reserved Matters include: changes to payments (timing, method of calculation, reduction in amounts due and currency), to effect the exchange, conversion or substitution of the Notes, changes to the Payments Priorities, changes to the quorum and majority requirements and amendments to the definition of Reserved Matter.
<b>Relationship between Classes of Noteholders:</b>	<p>Subject to the provisions in respect of a Reserved Matter, an Extraordinary Resolution of Noteholders of the Most Senior Class shall be binding on all other Classes and would override any resolutions to the contrary of the Classes ranking behind such Class.</p> <p>A Reserved Matter requires an Extraordinary Resolution of each Class of Notes or Certificates then outstanding.</p>
<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.
<b>Relationship between Noteholders and other Secured Creditors:</b>	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.
<b>Provision of Information to the Noteholders:</b>	<p>The Seller has been appointed as the designated reporting entity under SECN 6.3.1R(1) and Article 7(2) of Chapter 2 of the PRA Securitisation Rules. The Seller will either fulfil its obligations under (i) SECN 6 and Article 7 of the EU Securitisation Regulation, (in respect of the EU Securitisation Regulation, as if it were applicable to the Seller and as in force on the Closing Date) and Article 7 of Chapter 2 of the PRA Securitisation Rules, itself or shall procure that such requirements are complied with on its behalf. As to the information made available to prospective investors by the Seller, reference is made to the information set out herein and forming part of this Prospectus and to the UK Quarterly Investor Report and the EU Quarterly Investor Report to investors that are prepared pursuant to the Cash Management Agreement.</p> <p>Notwithstanding such designation of the Seller as the reporting entity, the Seller and the Issuer are not relieved of their regulatory</p>

obligations under SECN 6.3.1R(1) and Article 7(2) of Chapter 2 of the PRA Securitisation Rules.

For so long as any Notes remain outstanding, the Seller will in its capacity as the designated reporting entity pursuant to SECN 6.3.1R(1), Article 7(2) of Chapter 2 of the PRA Securitisation Rules, and Article 7(2) of the EU Securitisation Regulation (in respect of the EU Securitisation Regulation, as if it were applicable to the Seller and as in force on the Closing Date):

- (a) procure that the Cash Manager will prepare and deliver each UK Quarterly Investor Report on a quarterly basis as required by SECN 6.2.1R(5) and Article 7(1)(e) of Chapter 2 of the PRA Securitisation Rules and each EU Quarterly Investor Report on a quarterly basis as required by Article 7(1)(e) of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation, as if it were applicable to the Seller and as in force on the Closing Date) and in compliance with the requirements of the PRA Transparency Rules, the FCA Transparency Rules and EU Article 7 Technical Standards, as applicable;
- (b) procure that the Mortgage Servicer will prepare and deliver each UK Quarterly Loan Level Data Tape on a quarterly basis as required by SECN 6.2.1R(1) and Article 7(1)(a) of Chapter 2 of the PRA Securitisation Rules and each EU Quarterly Loan Level Data Tape on a quarterly basis as required by Article 7(1)(a) of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation as if it were applicable to the Seller and as in force on the Closing Date) respectively by no later than seven business days prior to the related Interest Payment Date and in compliance with the requirements of the PRA Transparency Rules, the FCA Transparency Rules and EU Article 7 Technical Standards, as applicable;
- (c) publish on the SR Website each UK Quarterly Investor Report and each EU Quarterly Investor Report no later than one calendar month following the related Interest Payment Date;
- (d) publish on the SR Website each UK Quarterly Loan Level Data Tape and each EU Quarterly Data Tape (simultaneously with the UK Quarterly Investor Report and the EU Quarterly Investor Report respectively) no later than one calendar month following the related Interest Payment Date;
- (e) prepare and procure the publication on the SR Website (i) to the extent that any inside information or significant event has occurred without delay details of any information required to be reported in accordance with Articles 7(1)(f) and 7(1)(g) of Chapter 2 of the PRA Securitisation Rules, SECN 6.2.1(6) and SECN 6.2.1(7) and Articles 7(1)(f) and 7(1)(g) of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation as if it were applicable to the Seller and as in force on the Closing Date (as applicable)) and in compliance with the requirements of the PRA Transparency Rules, the FCA Transparency Rules and the EU Article 7 Technical Standards, as applicable, and (ii) without delay details of any information required to

## OVERVIEW OF RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS

be reported in accordance with SECN 2.2.11(2) and SECN 2.2.23(1) of the UK STS Requirements;

- (f) within 15 calendar days of the issuance of the Notes, make available via the SR Website final form copies of the Transaction Documents and this Prospectus;
- (g) procure that the STS Notification is made available within 15 calendar days of the Closing Date to the FCA via the Connect Portal to the FCA STS register website at <https://data.fca.org.uk/#/sts/stssecuritisations> (or its successor website);
- (h) make available the information set out in paragraphs (a) to (g) above available to the relevant competent authorities referred to in the UK Securitisation Framework and the EU Securitisation Regulation (with respect to the EU Securitisation Regulation as if it were applicable to the Seller and as in force on the Closing Date (as applicable)) and investors in the Notes as required pursuant to SECN 6.2.1, Article 7(1) of Chapter 2 of the PRA Securitisation Rules and Article 7(1) of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation as if it were applicable to the Seller and as in force on the Closing Date (as applicable)); and
- (i) prepare and make available a Bank of England Quarterly Report within one month of each Interest Payment Date via the SR Website.

Prior to the pricing of the Notes, the Seller has made available (through the SR Website):

- (a) the documents as required by and in accordance with: (x) SECN 6.2.1R(2), SECN 6.2.1R(4), SECN 2.2.29 and Article 7(1)(b) and Article 7(1)(d) of Chapter 2 of the PRA Securitisation Rules; and (y) Article 7(1)(b) of the EU Securitisation Regulation and, upon request, the information required by SECN 6.2.1R, point (a) of the first subparagraph of Article 7(1) of Chapter 2 of the PRA Securitisation Rules and Article 7(1)(a) of the EU Securitisation Regulation;
- (b) a static and dynamic historical default and loss performance data covering a period of at least 5 years in relation to owner-occupied mortgage loans originated by NBS in accordance with SECN 2.2.25(1); and
- (c) a liability cash flow model and the Seller shall continually make available such liability cashflow model in accordance with SECN 2.2.27(1).

To the extent that, after the Closing Date, there is any further divergence between the UK Securitisation Framework and the EU Securitisation Regulation, the Seller will only continue to comply with the EU Securitisation Regulation (as if such provisions were applicable to it) as such articles and technical standards are interpreted and applied on the Closing Date. The requirements to comply with the EU Securitisation Regulation (including the disclosure obligations referred to above) will apply only until the SR Equivalency Date. For the avoidance of doubt the Seller may at

its discretion opt to continue to comply with the EU Securitisation Regulation following any further divergence.

It is to be agreed and acknowledged that, for so long as the content of the required reporting under the PRA Securitisation Rules and SECN remains identical, the production of information of such information by NBS under the PRA Securitisation Rules shall satisfy the requirement to produce such information under SECN.

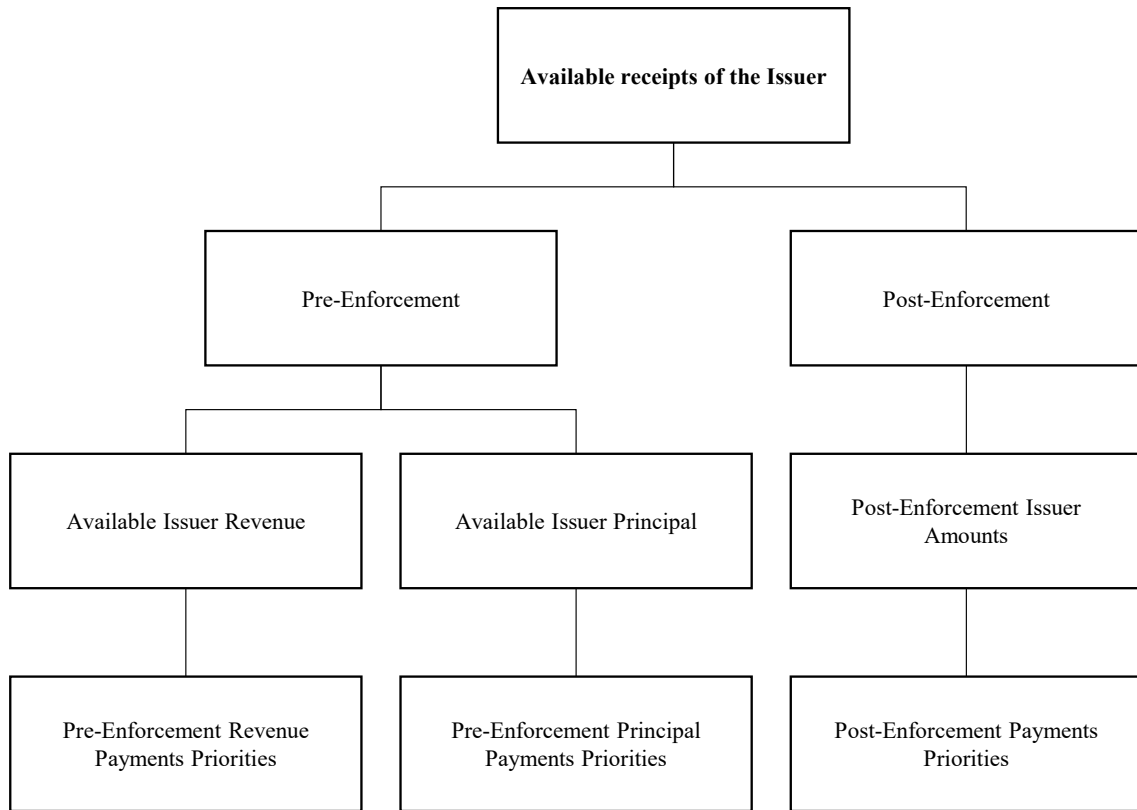
For the avoidance of doubt, these websites and the contents thereof do not form part of this Prospectus. The first UK Quarterly Investor Report shall be published within one month of the First Interest Payment Date and thereafter shall be published on a quarterly basis.

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 "*Certain Regulatory Disclosures – Reporting under the relevant Securitisation Regulation*". Please refer to the section entitled "*Certain Regulatory Disclosures – Risk Retention Requirements*" for further information.



**OVERVIEW OF CREDIT STRUCTURE AND CASHFLOW**

*See the sections entitled "Key Structural Features" and "Cashflows and Cash Management" for further information in respect of the credit structure and cash flow of the transaction.*



**SUMMARY OF CREDIT STRUCTURE AND CASHFLOW**

*Please refer to the sections entitled "Key Structural Features – 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 Issuer Revenue and Available Issuer 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 Issuer Revenue:** Available Issuer Revenue will comprise, for each Interest Payment Date, the following:

- (a) all Revenue Receipts received by the Issuer during the related Calculation Period;
- (b) interest (if any) received by the Issuer in respect of the Transaction Account and income from any Authorised Investments during the related Calculation Period, in each case received during the related Calculation Period;
- (c) any amounts of Swap Collateral Account Surplus;
- (d) any General Reserve Fund Release Amount (provided the General Reserve Release Conditions are met);
- (e) if there is a Revenue Shortfall on such Interest Payment Date, amounts standing to the credit of the General Reserve Fund to the extent required to cover such Revenue Shortfall;
- (f) if there is a Remaining Revenue Shortfall on such Interest Payment Date, any Available Issuer Principal to the extent required to cover such Remaining Revenue Shortfall payable under item (a) of the Pre-Enforcement Principal Payments Priority; and
- (g) any amounts remaining after paying items (a) to (c) of the Pre-Enforcement Principal Payments Priority.

**Available Issuer Principal:** Available Issuer Principal will comprise, for each Interest Payment Date, the following:

- (a) all Principal Receipts received by the Issuer during the related Calculation Period; plus
- (b) any amounts of Available Issuer 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; plus
- (c) on and following the Step-Up Date, any amounts of Available Issuer Revenue to be applied on that Interest Payment Date as Available Issuer Principal, pursuant to item (l) of the Pre-Enforcement Revenue Payments Priorities; plus
- (d) (in respect of the First Interest Payment Date only) any amounts representing the excess of the proceeds of the issue of the Notes over the Initial Consideration.

## SUMMARY OF CREDIT STRUCTURE AND CASHFLOW

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

SUMMARY OF CREDIT STRUCTURE AND CASHFLOW

**Overview of Payments Priorities:**

Below is an overview of the Payments Priorities.

PRE-ENFORCEMENT REVENUE PAYMENTS PRIORITIES	PRE-ENFORCEMENT PRINCIPAL PAYMENTS PRIORITIES	POST-ENFORCEMENT PAYMENTS PRIORITY
Trustee, Appointee and receiver fees, costs and expenses	Available Issuer Principal to use as Available Issuer Revenue to fund any Remaining Revenue Shortfall	Trustee, Appointee and receiver fees, costs and expenses
Agent Bank, Registrar, Paying Agent, Account Bank, Custodian, Corporate Services Provider, Mortgage Servicer, Legal Title Holder, Cash Manager and Back-Up Mortgage Servicer Facilitator fees, costs and expenses	Principal amounts on Class A Notes	Agent Bank, Registrar, Paying Agent, Account Bank, Custodian, Corporate Services Provider, Mortgage Servicer, Legal Title Holder, Cash Manager and Back-Up Mortgage Servicer Facilitator fees, costs and expenses
Issuer Profit Amounts	Principal amounts on Class Z Notes	Swap Senior Amounts due under the Fixed Rate Swap Agreement (other than any Swap Excluded Payments)
Payments to third parties and corporation tax	Available Issuer Revenue	Class A Interest Amounts
Swap Senior Amounts under the Fixed Rate Swap Agreement (other than any Swap Excluded Payments)		Principal amounts on Class A Notes
Class A Interest Amounts		Class X Interest Amounts (including Deferred Interest)
Class A Principal Deficiency Sub-Ledger		Principal amounts on Class X Notes
Replenishment of General Reserve Fund up to General Reserve Fund Required Amount		Class Z Interest Amounts (including Deferred Interest)
Class X Interest Amounts		Principal amounts on Class Z Notes
Principal amounts on Class X Notes		Fixed Rate Swap Subordinated Amounts under the Fixed Rate Swap Agreement Swap Excluded Payments due under the Fixed Rate Swap Agreement
Class Z Principal Deficiency Sub-Ledger		Issuer Profit Amount and corporation tax of the Issuer
On and following the Step-up Date, to be applied as Revenue Surplus up to the Revenue Surplus Required Amount		Payments to third parties
Class Z Interest Amounts		Certificate Payments
Fixed Rate Swap Subordinated Amounts under the Fixed Rate Swap Agreement		
Certificate Payments		

## SUMMARY OF CREDIT STRUCTURE AND CASHFLOW

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 issuance proceeds of the Class X Notes on the Closing Date of an amount equal to 1.50 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 from Available Issuer Revenue in accordance with the Pre-Enforcement Revenue Payments Priorities. The General Reserve Fund will be credited to the General Reserve Ledger of the Transaction Account. Monies standing to the credit of the General Reserve Fund will be applied to make up any Revenue Shortfall (including, after meeting prior ranking obligations as set out in the Pre-Enforcement Revenue Payments Priorities 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 (after the application of any amount to make up any Revenue Shortfall) 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 such amounts in excess of the General Reserve Fund Required Amount will form part of Available Issuer Revenue on each Interest Payment Date (being General Reserve Fund Release Amounts);
- availability of Available Issuer Principal to make up any Remaining Revenue Shortfall;
- payments of interest on the Class Z Notes and payments due on the Certificates are subordinated to payments of interest on the Class A Notes and payments of interest and principal on the Class X Notes;
- payments of principal on the Class Z Notes are subordinated to payments of principal on the Class A Notes;
- investment income in respect of Authorised Investments and/or provided by the Account Bank in respect of amounts deposited in the Transaction Account will be applied as Available Issuer Revenue;
- availability of fixed rate swaps provided by the Fixed Rate Swap Provider to mitigate (but not obviate) against the possible variance between the fixed interest rates payable in respect of the Fixed Rate Loans and Compounded Daily SONIA based interest rates payable in respect of the Notes;
- during the life of the Notes, Available Issuer 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; and
- on and following the Step-Up Date, excess Available Issuer Revenue, following payments to the Class Z Principal Deficiency Sub-ledger, will be applied as Available Issuer Principal up to the Revenue Surplus Required Amount in order to make principal

## SUMMARY OF CREDIT STRUCTURE AND CASHFLOW

payments on the Class A Notes in accordance with the relevant Payments Priorities.

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

**Revenue Shortfall:** On each Calculation Date, the Cash Manager will determine whether Available Issuer Revenue (excluding amounts standing to the credit of the General Reserve Fund and any Available Issuer Principal to fund a Remaining Revenue Shortfall) is sufficient to pay or provide for payment of items (a) to (g) of the Pre-Enforcement Revenue Payments Priorities. To the extent that such Available Issuer 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 Issuer Revenue (excluding any Available Issuer Principal but including amounts standing to the credit of the General Reserve Fund) is sufficient to pay or provide for payment of items (a) to (f) inclusive of the Pre-Enforcement Revenue Payments Priorities. To the extent that such Available Issuer 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 amounts of Available Issuer 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 Issuer Principal to fund a Remaining Revenue Shortfall.

Principal Losses and/or any amount of Available Issuer 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 Issuer 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 received by the Legal Title Holder in the Collection Accounts. The Legal Title Holder (and where relevant, the Mortgage Servicer) is obliged to transfer 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. On or prior to each Interest Payment Date, all amounts standing to the credit of the Transaction Account (other than any amounts representing Swap Excluded Receipts) will be

applied as Available Issuer Revenue or Available Issuer Principal in accordance with the relevant Payments Priorities.

Pursuant to a collection account declaration of trust by the Legal Title Holder dated 15 July 2016 (the "**Original Collection Account Declaration of Trust**"), the Legal Title Holder established a trust over the Collection Accounts for the benefit of (a) itself and (b) Arrow Mortgage Finance No.1 Limited under the terms of a mortgage securitisation entered into at that time.

On or about the Closing Date, pursuant to the Collection Account Declaration of Trust, the Legal Title Holder will declare a further sub-trust over its beneficial interest (as 2025-1 NBS Beneficiary) in the Collection Accounts in favour of (a) itself and (b) the Issuer.

**Summary of Fixed Rate Swap terms:**

On or about the Closing Date, the Issuer will enter into the Fixed Rate Swap Agreement.

Payments received by the Issuer under the Fixed Rate Loans in the Mortgage Portfolio will be subject to fixed rates of interest. The interest amounts payable by the Issuer in respect of the Class A Notes will be calculated by reference to Compounded Daily SONIA plus the Relevant Margin. Pursuant to the Fixed Rate Swap Agreement, the Issuer will enter into the Fixed Rate Swap to hedge against the possible variance between the various fixed rates of interest received on the Fixed Rate Loans in the Mortgage Portfolio and a rate of interest on the Floating Rate Notes calculated by reference to Compounded Daily SONIA.

The Fixed Rate Swap has the following key commercial terms:

- **Initial Exchange Amount:** the amount equal to the Party B Initial Exchange Amount (as defined in the Fixed Rate Swap Agreement), which may be paid by the Issuer to the Fixed Rate Swap Provider on the Closing Date.
- **Issuer Payment:** the amount equal to the product of (i) the Weighted Average Fixed Rate, (ii) the Fixed Rate Swap Notional Amount, and (iii) the number of days in the relevant Interest Period divided by 365.
- **Fixed Rate Swap Provider Payment:** the amount equal to the product of (i) Compounded Daily SONIA as fixed on the immediately preceding Interest Determination Date plus a spread of 0.70 per cent. per annum, (ii) the Fixed Rate Swap Notional Amount, and (iii) number of days in the relevant Interest Period divided by 365.
- **Fixed Rate Swap Notional Amount:** in relation to an Interest Period, an amount notified by the Cash Manager in Sterling equal to the aggregate Performing Balance of the Fixed Rate Loans in the Mortgage Portfolio for the Calculation Period ending immediately prior to the preceding Interest Payment Date.
- **Weighted Average Fixed Rate:** means, in relation to a Swap Calculation Period, the weighted average of the fixed rates of interest charged to Borrowers of Fixed Rate Loans during the Calculation Period ending immediately prior to the first day of such Swap Calculation Period (with each rate applicable to a Fixed Rate Loan weighted by reference to the proportion that the Performing Balance of such Fixed Rate Loan bears to the aggregate Performing Balance of all Fixed Rate Loans), as notified by the Cash Manager

## SUMMARY OF CREDIT STRUCTURE AND CASHFLOW

on behalf of the Issuer in accordance with the provisions of the Cash Management Agreement.

- **Frequency of payment:** quarterly on each Interest Payment Date.
- **Termination Date:** the earlier of (i) the Interest Payment Date falling in November 2074; (ii) the date on which the Class A Notes are redeemed in full in other than in circumstances that would give rise to an Additional Termination Event (as defined in the Fixed Rate Swap Agreement and as set out in Part 1 (h) of the Schedule to the Fixed Rate Swap Agreement) and (iii) the first Interest Payment Date on or after May 2030 on which the Performing Balance of the Fixed Rate Loans in the Mortgage Portfolio is zero, other than in circumstances that would give rise to an Additional Termination Event (as defined in the Fixed Rate Swap Agreement and as set out in Part 1 (h) of the Schedule to the Fixed Rate Swap Agreement).



**OVERVIEW OF THE MORTGAGE PORTFOLIO**

See the sections entitled "The Mortgage Portfolio", "The Mortgage Sale Agreement", "Statistical Information on the Provisional Mortgage Portfolio" and "The Mortgage Servicer and the Mortgage Servicing Agreement" for further information in respect of the Mortgage Portfolio and the Issuer's interest in the Mortgage Portfolio.

**Mortgage Portfolio:** The Mortgage Portfolio 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 time to time, which will be sold to the Issuer pursuant to the Mortgage Sale Agreement on the Closing Date.

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 reacquired in accordance with the terms of the Mortgage Sale Agreement. See the section entitled "The Mortgage Sale Agreement" for more information.

**Features of the Provisional Mortgage Portfolio:** The following is a summary of certain features of the portfolio of mortgage loans selected by the Seller which comprise the Provisional Mortgage Portfolio. The Mortgage Loans will be selected from the Provisional Mortgage Portfolio on the Closing Date. The information set out in relation to the Provisional Mortgage Portfolio is calculated as at the Portfolio Reference Date. 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 charges over freehold and leasehold properties in England and Wales.

Type of Borrower:	Prime
Type of mortgage loan:	Repayment Loans
Number of mortgage loans:	2,182

	<b>Weighted* average</b>	<b>Minimum</b>	<b>Maximum</b>
Current Balance (£)	198,565.15	1,771.82	711,280.79
LTV Ratio at date of most recent advance on the mortgage loan (%)	69.81%	4.72%	95.00%
Current LTV Ratio (%)	65.16%	0.78%	79.98%
Seasoning (months)***	25.14	1.64	75.95
Remaining Term (years)***	24.71	1.31	39.82

\*Weighted by Current Balance.

\*\*Weighted average current 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.

## OVERVIEW OF THE MORTGAGE PORTFOLIO

**Consideration:** The consideration payable by the Issuer to the Seller in respect of the acquisition by the Issuer of the Mortgage Portfolio will be equal to:

- (a) the Initial Consideration; and
- (b) Deferred Consideration consisting in Certificate Payments under the Certificates to be issued by the Issuer and delivered to, or at the direction of, the Seller on the Closing Date.

**Asset Warranties:** The Seller will make the Asset Warranties to the Issuer and the Trustee in respect of the Mortgage Loans and their Related Security on the Closing Date.

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

- first ranking security in respect of properties located in England or Wales;
- the final maturity date of each Mortgage Loan is no later than two years prior to the Final Maturity Date;
- each Mortgage Loan is payable on a monthly basis and at least one Monthly Payment having been made;
- each Mortgage Loan was provided in the ordinary course of the lending activities of the Seller;
- no Borrowers have current rights to reduce the amount payable in respect of any Mortgage Loan; and
- no Mortgage Loan is an RTB Loan, an offset mortgage loan or a buy-to-let mortgage loan nor includes flexible products.

See the section entitled "*The Mortgage Sale Agreement – Representations and Warranties*" for further information and a full list of the Asset Warranties.

**Reacquisitions of the Mortgage Loans:** The Mortgage Servicer on behalf of the Issuer shall promptly notify the Seller of the Repurchase Event, and the Issuer shall on or before the date falling 20 Business Days after such notification (such date, the "**Repurchase Date**") sell and re-transfer or re-assign to the Seller, any Mortgage Loan and its Related Security in respect of which a Repurchase Event has occurred free from any right or interest which the Issuer may have created over such Mortgage Loan and its Related Security, upon the occurrence of any of the following:

- (a) there is breach of an Asset Warranty in relation to a Mortgage Loan (a "**Breach of Warranty Repurchase Event**") which, if capable of rectification, is not rectified within 30 calendar days; or
- (b) either:
  - (i) the Seller agrees to make a Further Advance to a Borrower; or
  - (ii) the Seller agrees to make a Loan Port in respect of a Mortgage Loan; or
  - (iii) the Seller agrees to a Payment Holiday; and
- (c) the Seller has determined on any Calculation Date that a Mortgage Loan is a Significant Deposit Loan as at the immediately preceding Monthly Testing Date.

## OVERVIEW OF THE MORTGAGE PORTFOLIO

See the sections entitled "*The Mortgage Sale Agreement – Repurchase Events*" for further information.

Mortgage Loans may also be repurchased following a Product Switch, should the Product Switch Conditions not be met on the relevant Monthly Testing Date. See the section entitled "*The Mortgage Sale Agreement – Product Switches*" for further information.

**Consideration for reacquisition:** The consideration payable by the Seller in respect of reacquisition of a Mortgage Loan and its Related Security shall be equal to the Current Balance 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 reacquisition, plus reasonable fees and expenses relating thereto.

**Seller Powers of Attorney:** The Seller will grant each of the Seller Powers of Attorney to the Issuer and the Trustee to permit the Issuer and/or the Trustee (or any delegate of the Issuer or the Trustee), in the circumstances set out in the Mortgage Sale Agreement, to take certain actions in the name of the Seller to, *inter alia*, ensure performance by NBS of its obligations as Seller under the Mortgage Sale Agreement.

**Legal Title Holder Power of Attorney:** The Legal Title Holder will grant the Legal Title Holder Power of Attorney to the Issuer and the Trustee to permit the Issuer and/or the Trustee (or any delegate of the Issuer or the Trustee), in the circumstances set out in the Mortgage Servicing Agreement, to take certain actions in the name of the Legal Title Holder to, *inter alia*, ensure performance by NBS of its obligations as Legal Title Holder under the Mortgage Servicing Agreement (including its covenants to enforce rights under the Mortgage Loans and collect amounts payable under or in respect of the Mortgage Loans).

**Mortgage Servicer Power of Attorney:** The Mortgage Servicer will grant the Mortgage Servicer Power of Attorney to the Issuer and the Trustee to permit the Issuer and/or the Trustee (or any delegate of the Issuer or the Trustee), in the circumstances set out in the Mortgage Servicing Agreement, to take certain actions in the name of the Mortgage Servicer to, *inter alia*, ensure performance by NBS of its obligations as Mortgage Servicer under the Mortgage 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 Mortgage Servicer:** The Mortgage 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 Mortgage Servicing Agreement. The consent of the Issuer or, following service of an Enforcement Notice, the Trustee will not be required where such delegation is (i) in respect of its day-to-day business operations in accordance with the Legal Title Holder's Policies, Requirements of Law and the standards of a Prudent Mortgage Lender; (ii) to a wholly owned subsidiary of NBS; or (iii) to relevant professionals such as receivers or lawyers in accordance with the practices of a Prudent Mortgage Lender.

The Mortgage Servicer remains liable at all times for servicing the Mortgage Loans and for the acts or omission of any delegate or sub-contractor.

Following a Mortgage Servicer Event, the Back-Up Mortgage Servicer Facilitator is required to assist the Issuer in appointing a replacement Mortgage Servicer under the Mortgage Servicing Agreement.

See the section entitled "*The Mortgage Servicer and the Mortgage Servicing Agreement*" for further information.

## TRIGGERS TABLES

## Rating Triggers Table

<u>Transaction Party</u>	<u>Required Ratings</u>	<u>Possible effects of Ratings Trigger being breached include the following:</u>
Account Bank	<p>(a) a long-term issuer default rating of at least A or a short-term issuer default rating of at least F1 by Fitch; and</p> <p>(b) (i) a long-term rating of at least A3 by Moody's; or (ii) if the Account Bank does not have a long-term deposit rating by Moody's, a short-term deposit rating of at least P-1 by Moody's,</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 under the Account Bank Agreement include a requirement on the Issuer to use commercially reasonable endeavours to:</p> <p>(a) replace the Account Bank with a Qualified Institution and open a replacement Transaction Account or Swap Collateral Account for cash with such entity;</p> <p>(b) obtain a guarantee of the Account Bank's obligations from a Qualified Institution; and/or</p> <p>(c) take such other action as may be required by the relevant rating criteria of the Rating Agencies at such time,</p> <p>as soon as reasonably practicable and in any event within 60 calendar days.</p>
Fixed Rate Swap Provider	<p><b>Fitch Rating Requirements</b></p> <p>(a) In respect of Fitch only, the Fixed Rate Swap Provider, a Fixed Rate Swap Provider (or its successor or permitted transferee) or any Credit Support Provider (as defined in the Fixed Rate Swap Agreement) must have at least a short-term issuer default rating or a derivative counterparty rating (or, if a derivative counterparty is not available, the</p>	<p>(a) The consequences of breach of the Swap First Fitch Required Ratings include the requirement to provide collateral, on a reasonable efforts basis, within 14 calendar days of such breach and the option to, on a reasonable efforts basis, either: (i) within 60 calendar days 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 of such Fixed Rate Swap Provider's obligations from an appropriately rated third party; or (iii) take such other action (or inaction) that would result in the rating of the Rated Notes being maintained at, or restored to, the level it would have been at prior to such lower rating being assigned by Fitch, in each case within the time periods specified in the Fixed Rate Swap Agreement to which the Fixed Rate Swap Provider is a party. For the avoidance of doubt, if the Fixed Rate Swap Provider satisfies any of the options listed as (i), (ii) or (iii) above, the requirement to post collateral will no longer apply as a result of the Fixed Rate Swap Provider</p>

<u>Transaction Party</u>	<u>Required Ratings</u>	<u>Possible effects of Ratings Trigger being breached include the following:</u>
	<p>long-term issuer default rating) by Fitch at least as high as the Unsupported Minimum Counterparty Ratings corresponding to the then current rating by Fitch of the then highest rated class of Rated Notes shown in the below table by Fitch for so long as the relevant Notes are outstanding:</p>	<p>Downgrade Event, but such requirement may continue to be required in accordance with the terms of the Credit Support Annex.</p> <p>A failure by a Fixed Rate Swap Provider or any credit support provider of the Fixed Rate Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the relevant Fixed Rate Swap Agreement.</p>
<b>Category of highest rated notes</b>	<b>Unsupported Minimum Counterparty Ratings</b>	
AAAsf	A or F1	
AA+sf, AAsf, AA-sf	A- or F1	
A+sf, Asf, A-sf	BBB or F2	
BBB+sf, BBBsf, BBB-sf	BBB- or F3	
BB+sf, BBsf, BB-sf	At least as high as the Rated Notes	
B+sf or below or the then-current rating of the Rated Notes outstanding are not rated by Fitch	At least as high as the Fitch rating of the Rated Notes	
	(the "Swap First Fitch Required Ratings"); and	
	(b) in respect of Fitch only, a Fixed Rate Swap Provider (or its successor or permitted transferee) or any Credit Support Provider (as defined in the Fixed Rate Swap Agreement) must have at least a short-term issuer default rating or a	(b) The consequences of breach of the Swap Second Fitch Required Ratings include the requirements to, on a reasonable efforts basis (i) (A) 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); or (B) procure a guarantee of such Fixed Rate Swap Provider's obligations from an

<u>Transaction Party</u>	<u>Required Ratings</u>	<u>Possible effects of Ratings Trigger being breached include the following:</u>
	<p>derivative counterparty rating (or, if a derivative counterparty is not available the long-term issuer default rating) by Fitch at least as high as the Supported Minimum Counterparty Ratings corresponding to the then current rating by Fitch of the then highest rated class of Rated Notes shown in the below table by Fitch so long as the relevant Notes are outstanding.</p>	<p>appropriately rated third party within 60 calendar days of breach; and (ii) pending such replacement or procurement of a guarantee, provide or continue providing collateral within 14 calendar days of a breach of the Swap Second Fitch Required Ratings or take such other action (or inaction) that would result in the rating of the Rated Notes being maintained at, or restored to, the level it would have been at prior to such lower rating being assigned by Fitch.</p> <p>A failure by a Fixed Rate Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the relevant Fixed Rate Swap Agreement.</p> <p>In circumstances where a Fixed Rate Swap Agreement is terminated as a result of the failure of the Fixed Rate Swap Provider or any credit support provider of the Fixed Rate Swap Provider to take such steps, the Issuer will endeavor to enter into a replacement Fixed Rate Swap Agreement on terms similar to, and providing a similar level of protection against interest rate risk as the Fixed Rate Swap Agreement which has been terminated.</p>
<b>Category of highest rated notes</b>	<b>Supported Minimum Counterparty Ratings</b>	
	<b>Valid Flip Clause</b>	<b>No Valid Flip Clause</b>
AAAsf	BBB- or F3	BBB+ or F2
AA+sf, AAAsf, AA-sf	BBB- or F3	BBB+ or F2
A+sf, Asf, A-sf	BB+	BBB or F2
BBB+sf, BBBsf, BBB-sf	BB-	BBB or F3
BB+sf, BBsf, BB-sf	B+	BB-
B+sf or below the then-current rating of the Rated Notes not rated by Fitch	B-	B-
	(the "Swap Second Fitch Required Ratings").	

<u>Transaction Party</u>	<u>Required Ratings</u>	<u>Possible effects of Ratings Trigger being breached include the following:</u>
	<p><b>Moody's rating requirements</b></p> <p>Collateral Trigger: (i) a counterparty risk assessment from Moody's of A3(cr) or above or (ii) if such entity has no counterparty risk assessment from Moody's, a long-term, unsecured and unsubordinated debt rating from Moody's of A3 or above (the "<b>Qualifying Collateral Trigger Rating</b>").</p> <p>Transfer Trigger: (i) a counterparty risk assessment from Moody's of Baa3(cr) or above, or (ii) if such entity has no counterparty risk assessment from Moody's, a long term, unsecured and unsubordinated debt rating from Moody's of Baa3 or above (the "<b>Qualifying Transfer Trigger Rating</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>If the Fixed Rate Swap Provider (or its successor or any relevant guarantor) does not have the Qualifying Collateral Trigger Rating and at least 30 business days have elapsed since the last time the Fixed Rate Swap Provider (or its successor or relevant guarantor) had a Qualifying Collateral Trigger Rating, the Fixed Rate Swap Provider must, if required under the Fixed Rate Swap Agreement, post collateral and may either (i) transfer its rights and obligations under the Fixed Rate Swap Agreement to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third party..</p> <p>A failure by the Fixed Rate Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Fixed Rate Swap Agreement.</p> <p>If the Fixed Rate Swap Provider (or its successor, assignee or any relevant guarantor) does not have the Qualifying Transfer Trigger Rating, the Fixed Rate Swap Provider must, at its own cost, as soon as reasonably practicable, either (i) transfer its rights and obligations under the Fixed Rate Swap Agreement to an appropriately rated third party or (ii) procure and guarantee from an appropriately rated third party.</p> <p>A failure by the Fixed Rate Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Fixed Rate Swap Agreement.</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**

<b>Nature of Trigger</b>	<b>Description of Trigger</b>	<b>Consequence of Trigger</b>
Cash Manager Events	<p>The occurrence of any of the following:</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 three (3) 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) without prejudice to (a) above, default is made by the Cash Manager in the performance or observance of any of its other Cash Manager's covenants and obligations under the Cash Management Agreement or any of the Cash Manager's warranties proves to be untrue, incomplete or inaccurate and such default continues unremedied for twenty (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 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;</p> <p>(d) the Cash Manager is not able to comply with any regulatory obligation following a change to the templates or any other aspect of reporting under the FCA Transparency Rules or</p>	<p>If the appointment of the Cash Manager is terminated in accordance with the Cash Management Agreement, a suitable successor Cash Manager shall be appointed by the Issuer within thirty (30) days in accordance with the terms of the Cash Management Agreement.</p>



		the PRA Transparency Rules; or	
		(e) the occurrence of an Insolvency Event in relation to the Cash Manager.	
Mortgage Servicer Events	The occurrence of any of the following:		If the appointment of the Mortgage Servicer is terminated in accordance with the Mortgage Servicing Agreement, the Back-Up Mortgage Servicer Facilitator shall use reasonable efforts to identify, on behalf of the Issuer, and assist the Issuer in the appointment of a suitable successor mortgage servicer to be appointed by the Issuer in accordance with the terms of the Mortgage Servicing Agreement.
See the section entitled " <i>The Mortgage Servicer and the Mortgage Servicing Agreement</i> " for further information.	(a) the Mortgage Servicer defaults in payment or transfer of any amount due and such default remains unremedied for 5 Business Days after the earlier of the Mortgage Servicer becoming aware of such default and the receipt of written notice by the Mortgage Servicer from the Issuer, the Seller or, following the delivery of an Enforcement Notice, the Trustee requiring the default to be remedied; or		
	(b) the Mortgage Servicer defaults in the performance of, or fails to comply with any of its other covenants or obligations under the Mortgage Servicing Agreement where such failure in the opinion of the Trustee is materially prejudicial to the interests of the Noteholders and is not remedied for 30 calendar days after the earlier of the Mortgage Servicer becoming aware of such default and the receipt of written notice by the Mortgage Servicer from the Issuer, the Seller or, following the delivery of an Enforcement Notice, the Trustee requiring the default to be remedied;		
	(c) the occurrence of an Insolvency Event in relation to the Mortgage Servicer;		
	(d) the Mortgage Servicer fails to prepare the UK Quarterly Loan Level Data Tape within the time period set out in the Mortgage Servicing Agreement, where such failure is not remedied for 30		

calendar days after the earlier of (i) the Mortgage Servicer becoming aware of such default and (ii) the receipt of written notice by the Mortgage Servicer from the Issuer, the Seller (where the Mortgage Servicer and the Seller are not the same entity) or, following the delivery of an Enforcement Notice, the Trustee requiring the default to be remedied; or

- (e) any licence, approval, permission, authorisation or consent necessary for the Mortgage Servicer to conduct its business or perform or comply with its obligations under or in connection with the Mortgage Servicing Agreement is withdrawn or revoked or the Mortgage Servicer at any time fails to obtain such a licence, approval, permission, authorisation or consent.

**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 Payments Priorities</u>	<u>Frequency</u>
Mortgage Servicer fees	0.08 per cent. per annum (exclusive of VAT, if any) of the aggregate Current Balance of the Mortgage Loans as of the last day of the immediately preceding Calculation Period	Ahead of all outstanding Notes and Certificates	Quarterly in arrear on each Interest Payment Date
Other fees and expenses of the Issuer	Estimated at £110,000 per annum (exclusive of VAT)	Ahead of all outstanding Notes and Certificates	Quarterly in arrear on each Interest Payment Date
Expenses related to the admission to trading of the Notes	£10,000 (exclusive of any applicable VAT)	N/A (funded by proceeds of subscription of Class X Notes)	On or about the Closing Date

VAT is currently chargeable at 20%.

## CERTAIN REGULATORY DISCLOSURES

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 – Certain Regulatory Risks For Potential Investors In Respect Of Their Investment In The Notes – Impact of regulatory initiatives on certain investors*" for more information.

### Risk Retention Requirements

The Seller will undertake to the Issuer and the Trustee, on behalf of the Secured Creditors in the Mortgage Sale Agreement, and has undertaken in the Subscription Agreement (in favour of the Arranger and the Lead Manager), among other things, 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 PRA Risk Retention Rules and, in particular, Article 6(1) of Chapter 2 of the PRA Securitisation Rules, and Article 6(1) of the EU Securitisation Regulation (as if it were applicable to the Seller as in force on the Closing Date and, for the avoidance of doubt, only until the SR Equivalency Date) (the "**Retained Interest**"),
- not change the manner or form in which it retains such Retained Interest, except to the extent permitted or required under the PRA Securitisation Rules and/or the EU Securitisation Regulation (as if it were applicable to the Seller only until such time that the Seller is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the UK Risk Retention Requirement will also satisfy the EU Risk Retention Requirement due to the application of an equivalency regime or similar analogous concept and to the extent that, after the Closing Date, there is any divergence between the UK Risk Retention Requirements and the EU Risk Retention Requirements, the Seller shall only continue to comply with the EU Risk Retention Requirements as such articles and technical standards are interpreted and applied on the Closing Date);
- not transfer, sell, dispose of or otherwise surrender all or part of or hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to the net economic interest, rights, benefits or obligations arising from the Retained Interest, except to the extent permitted or required under the PRA Securitisation Rules and the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date);
- promptly notify the Issuer and the Trustee if for any reason it (i) ceases to hold the Retained Interest or (ii) fails to comply with the covenants set out in the Trust Deed or any other Transaction Document in respect of the UK Risk Retention Requirements and the EU Risk Retention Requirements;
- notify any change to the manner in which the Retained Interest is held to the Noteholders and the Certificateholders in accordance with the Conditions and the requirements of the UK Securitisation Framework and of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date); and
- comply with the disclosure obligations described in SECN 6.3, Article 7 of Chapter 2 of the PRA Securitisation Rules and Article 7 of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation, as if it were applicable to the Seller and as in force on the Closing Date) by confirming its risk retention as contemplated by Article 6 of Chapter 2 of the PRA Securitisation Rules and Article 6 of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation, as if it were applicable to the Seller and as in force on the Closing Date) through the provision of the information in the Prospectus, disclosure in the UK Quarterly Investor Report and the EU Quarterly Investor Report and procuring provision of access to the Noteholders, Certificateholders and competent authorities to any reasonable and relevant additional data and information referred to in Article 7 of Chapter 2 of the PRA Securitisation Rules and Article 7 of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation, as if it were applicable to the Seller and as in force on the Closing Date) (subject to all applicable laws),

such undertakings being the "**Risk Retention Undertaking**").

As at the Closing Date, the retention will comprise the Seller holding the Class Z Notes in accordance with Article 6(3)(d) of Chapter 2 of the PRA Securitisation Rules and Article 6(3)(d) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date). The Seller will confirm its ongoing retention of the net economic interest described above in the UK Quarterly Investor Reports and the EU Quarterly Investor Reports and any change to the manner in which such interest is held will be notified to Noteholders.

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 UK Quarterly Investor Reports and the EU Quarterly Investor Reports provided to the Noteholders pursuant to the Cash Management Agreement and published on the SR Website. The SR Website and the contents thereof do not form part of this Prospectus.

### **Reporting under the relevant Securitisation Regulation and Framework**

The Seller has been appointed as the designated reporting entity under SECN 6.3.1R(1) and Article 7(2) of Chapter 2 of the PRA Securitisation Rules. The Seller will either fulfil its obligations under SECN 6, Article 7 of Chapter 2 of the PRA Securitisation Rules and Article 7 of the EU Securitisation Regulation (as if it were applicable to the Issuer and as in force on the Closing Date) itself or shall procure that such requirements are complied with on its behalf.

The Seller will comply with the transparency and reporting requirements under the FCA Transparency Rules, the PRA Transparency Rules and Article 7 of the EU Securitisation Regulation and EU Article 7 Technical Standards (with respect to the EU Securitisation Regulation and the EU Article 7 Technical Standards as if it were applicable to the Seller and as in force on the Closing Date) and will make use of such disclosure templates as they require (as amended, varied or supplemented from time to time after the date of this Prospectus). The information required to be made available for the purposes of the FCA Transparency Rules, the PRA Transparency Rules and Article 7 of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation, as if it were applicable to the Seller and as in force on the Closing Date) will be published or made otherwise available by the Seller by means of the SR Website.

For so long as any Notes and Certificates remain outstanding, the Seller will:

- (a) procure that the Cash Manager will prepare and deliver each UK Quarterly Investor Report on a quarterly basis as required by SECN 6.2.1R(5) and Article 7(1)(e) of Chapter 2 of the PRA Securitisation Rules and each EU Quarterly Investor Report on a quarterly basis as required by Article 7(1)(e) of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation, as if it were applicable to the Seller and as in force on the Closing Date) and in compliance with the requirements of the PRA Transparency Rules, the FCA Transparency Rules and EU Article 7 Technical Standards, as applicable;
- (b) procure that the Mortgage Servicer will prepare and deliver each UK Quarterly Loan Level Data Tape on a quarterly basis as required by SECN 6.2.1R(1) and Article 7(1)(a) of Chapter 2 of the PRA Securitisation Rules and each EU Quarterly Loan Level Data Tape on a quarterly basis as required by Article 7(1)(a) of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation as if it were applicable to the Seller and as in force on the Closing Date) respectively by no later than seven business days prior to the related Interest Payment Date and in compliance with the requirements of the PRA Transparency Rules, the FCA Transparency Rules and EU Article 7 Technical Standards, as applicable;
- (c) publish on the SR Website each UK Quarterly Investor Report and each EU Quarterly Investor Report no later than one calendar month following the related Interest Payment Date;
- (d) publish on the SR Website each UK Quarterly Loan Level Data Tape and each EU Quarterly Data Tape (simultaneously with the UK Quarterly Investor Report and the EU Quarterly Investor Report respectively) no later than one calendar month following the related Interest Payment Date;
- (e) prepare and procure the publication on the SR Website (i) to the extent that any inside information or significant event has occurred without delay details of any information required

to be reported in accordance with Articles 7(1)(f) and 7(1)(g) of Chapter 2 of the PRA Securitisation Rules, SECN 6.2.1(6) and SECN 6.2.1(7) and Articles 7(1)(f) and 7(1)(g) of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation as if it were applicable to the Seller and as in force on the Closing Date (as applicable)) and in compliance with the requirements of the PRA Transparency Rules, the FCA Transparency Rules and the EU Article 7 Technical Standards, as applicable, and (ii) without delay details of any information required to be reported in accordance with SECN 2.2.11(2) and SECN 2.2.23(1) of the UK STS Requirements;

- (f) within 15 calendar days of the issuance of the Notes, make available via the SR Website final form copies of the Transaction Documents and this Prospectus;
- (g) procure that the STS Notification is made available within 15 calendar days of the Closing Date to the FCA via the Connect Portal to the FCA STS register website at <https://data.fca.org.uk/#/sts/stssecuritisations> (or its successor website);
- (h) make available the information set out in paragraphs (a) to (g) above available to the relevant competent authorities referred to in the UK Securitisation Framework and the EU Securitisation Regulation (with respect to the EU Securitisation Regulation as if it were applicable to the Seller and as in force on the Closing Date (as applicable)) and investors in the Notes as required pursuant to SECN 6.2.1, Article 7(1) of Chapter 2 of the PRA Securitisation Rules and Article 7(1) of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation as if it were applicable to the Seller and as in force on the Closing Date (as applicable)); and
- (i) prepare and make available a Bank of England Quarterly Report within one month of each Interest Payment Date via the SR Website.

Prior to the pricing of the Notes, the Seller has made available (through the SR Website):

- (a) the documents as required by and in accordance with: (x) SECN 6.2.1R(2), SECN 6.2.1R(4), SECN 2.2.29 and Article 7(1)(b) and Article 7(1)(d) of Chapter 2 of the PRA Securitisation Rules; and (y) Article 7(1)(b) of the EU Securitisation Regulation and, upon request, the information required by SECN 6.2.1R, point (a) of the first subparagraph of Article 7(1) of Chapter 2 of the PRA Securitisation Rules and Article 7(1)(a) of the EU Securitisation Regulation;
- (b) a static and dynamic historical default and loss performance data covering a period of at least 5 years in relation to owner-occupied mortgage loans originated by NBS in accordance with SECN 2.2.25(1); and
- (c) a liability cash flow model and the Seller shall continually make available such liability cashflow model in accordance with SECN 2.2.27(1).

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 via the Seller without undue delay to the extent required under SECN 2.2.23 of the UK STS Requirements via the SR Website.

### **Investor Due Diligence**

Each prospective investor 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 SECN 4.2, Article 5 of Chapter 2 of the PRA Securitisation Rules and Article 5 of the EU Securitisation Regulation (as relevant for each EU investor) and any corresponding national measure which may be relevant. Prospective investors should specifically note that none of the Issuer, any Arranger, the Lead Manager or any other Transaction Party makes any representation that the information described above or in this Prospectus or available generally is sufficient in any or all circumstances for such purposes. In addition, each prospective investor should ensure that they comply with the implementing provisions in respect of the UK Securitisation Framework and the EU Securitisation Regulation (including Article 5) in their relevant jurisdiction. Prospective investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

**STS Status**

The Seller confirms that it will make an STS notification (in accordance with SECN 2.5.1 of the UK STS Requirements) to the FCA that the Notes are an STS-compliant securitisation pursuant to the UK Securitisation Framework. Such STS-compliant securitisation appears on the list of STS compliant-securitisations established and maintained by the FCA in accordance with regulation 10(2) of the SR 2024. The STS notification from the Seller of the Transaction's compliance with SECN 2.2.2R to SECN 2.2.9R of the UK STS Requirements (compliance with such articles being required to qualify as an STS compliant securitisation) will be available for inspection at <https://data.fca.org.uk/#/sts/stssecuritisations>.

*Verification of data*

The Seller has caused the compliance of all Mortgage Loans in the Mortgage Portfolio with certain eligibility criteria and a sample of the Mortgage Loans included in the Mortgage Portfolio together with the data disclosed in respect of those Mortgage Loans to be verified by one or more appropriate and independent third parties. A sample of Mortgage Loans selected from a pool of eligible loans originated by NBS (and which includes the Mortgage Portfolio) as of the 30 November 2024 has been subject to an agreed upon procedures review conducted by a third-party. This independent third party has also performed agreed upon procedures in order to check the compliance of all Mortgage Loans in the Mortgage Portfolio with certain eligibility criteria and that the stratification tables disclosed in respect of the Mortgage Loans are accurate. 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.

*Liability cashflow model*

The Seller will make available a liability cashflow model via the SR Website in accordance with SECN 2.2.27R. The Seller shall procure that such liability cashflow model:

- (a) precisely represents the contractual relationship between the Mortgage Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer; and
- (b) is made available to (i) prior to pricing of the notes, potential investors and (ii) on an on-going basis, investors in the Notes and the Certificates, and to potential investors in the Notes and Certificates upon request.

*Authorised Verification Agent*

The Seller has used the services of Prime Collateralised Securities (PCS) UK Limited as an Authorised Verification Agent to assess whether the Notes comply with the requirements of SECN 2.2.2R to SECN 2.2.9R of the UK STS Requirements for an STS Securitisation and prepare the STS Assessments. It is expected that the STS Assessments prepared by the Authorised Verification Agent will be available on the website of such agent (<https://www.pcsmarket.org/transactions>) together with a detailed explanation of its scope (<https://www.pcsmarket.org/disclaimer>). For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

**EU Securitisation Regulation**

The Seller and the Issuer as SSPE shall comply with the EU Securitisation Regulation as in force on the Closing Date. To the extent there is any further divergence between the UK Securitisation Framework and EU Securitisation Regulation following the Closing Date, the Seller will not be obliged to comply with the updated EU Securitisation Regulation (as if such provisions were applicable to it) and shall only comply with such articles and technical standards as interpreted and applied on the Closing Date, but the Seller may, at its discretion, choose to do so.

**Volcker Rule**

The Issuer is of the view that it is not now, and immediately after giving effect to the offering and sale of the Notes and the application of the proceeds thereof on the Closing Date will not be, a "covered fund" for

purposes of regulations adopted under the Volcker Rule. In reaching this conclusion, although other exemptions or exclusions may be available, the Issuer has relied on the exemption from registration as an "investment company" under Section 3(c)(5)(C) of the Investment Company Act, and, accordingly, may rely on the exemption 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 under the Investment Company Act. However, the general effects of the Volcker Rule remain uncertain. If the Issuer is considered a "covered fund", the liquidity of the Notes may be adversely affected, since banking entities could be prohibited from investing the Notes. Any prospective investor in the Notes, including a US 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**

The credit ratings included or referred to in this Prospectus have (unless stated otherwise) been issued by the Rating Agencies, each of which is established in the United Kingdom, and has been registered in accordance with the UK CRA Regulation.

The ratings Fitch has given to the Class A Notes is endorsed by Fitch Ratings Ireland Limited. The ratings Moody's has given to the Class A Notes is endorsed by Moody's Deutschland GmbH. Each of Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is established in the European Union and registered under the EU CRA Regulation.



**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 Portfolio Purchase Option Holder exercises the Portfolio Purchase Option on the Step-Up Date, in the first scenario, or the Portfolio Purchase Option Holder does not exercise the Portfolio Purchase 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 is reduced by scheduled amortisation of the Mortgage Loans in the Provisional Mortgage Portfolio between the Portfolio Reference Date and 31 December 2024 (inclusive);
- (c) the Mortgage Loans are subject to a constant annual rate of prepayment (exclusive of scheduled 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 90.0 per cent. of the original aggregate note balance is represented by the Class A Notes and approximately 10.0 per cent. by the Class Z Notes;
- (i) on and after the Step-Up Date, excess Available Issuer Revenue is used to make payments of principal on the Class A 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) the Interest Payment Dates are on the 21st calendar day of every May, August, November, February with the first Interest Payment Date being in 21st of May 2025;
- (m) the reversion rates are as follows per Mortgage Loan type:
  - (i) for a Variable Rate Loan, the Mortgage Loan remains on Standard Variable Rate at 6.70% for life;
  - (ii) for a Fixed Rate Loan, the Mortgage Loan reverts to Standard Variable Rate at 6.70% for life upon reaching its reversion date;
  - (iii) for a Discounted Variable Rate Loan, the Mortgage Loan reverts to Standard Variable Rate at 6.70% for life upon reaching its reversion date.

Furthermore, Compounded Daily SONIA is assumed to be 4.70% for life.

- (n) the weighted average lives of the Notes are calculated on an actual/365 basis;
- (o) scheduled amortisation is calculated on an individual Mortgage Loan basis in accordance with the contractual repayment terms of each Mortgage Loan and is initially aggregated on a monthly basis;
- (p) unscheduled amortisation is calculated on an aggregate basis by adjusting the scheduled amortisation in each period by the annualised constant prepayment rate;

WEIGHTED AVERAGE LIFE OF THE NOTES

- (q) the annualised constant prepayment rate consists of both partial and full prepayments of the principal under the Mortgage Loans;
- (r) amounts required to pay items (a) to (d) of the Pre-Enforcement Revenue Payments Priority on each Interest Payment Date are:
  - (i) £132,000, per annum, inclusive of VAT; and
  - (ii) 0.08 per cent. on the aggregate current balance of the Mortgage Loans in the portfolio as at the last day of the immediately preceding Calculation Period, per annum;
- (s) the Notes are issued on or about 31 January 2025; and
- (t) no Further Advances or Product Switches are made by the Legal Title Holder and the Legal Title Holder is not required to reacquire any Mortgage Loans in accordance with the Mortgage Sale Agreement.

**Weighted average life of the Notes**

PPR	Possible Average Life of Class A Notes (years)	
	Assuming Portfolio Purchase Option exercised on the Step-Up Date	Assuming Portfolio Purchase Option not exercised on the Step-Up Date
0%.....	4.9	10.9
5%.....	4.2	7.0
10%.....	3.7	5.0
15%.....	3.2	3.8
20%.....	2.7	3.0
25%.....	2.4	2.4
30%.....	2.0	2.0
35%.....	1.7	1.7

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 Optional Redemption Date. If the Portfolio Purchase Option Holder does not exercise the Portfolio Purchase Option, then the average lives of then outstanding Notes will be extended.

The average lives of the Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that 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 – General Credit Structure Risks – Yield and prepayment considerations*" and "*The Mortgage Portfolio*".

**USE OF PROCEEDS**

The gross proceeds from the issue of the Notes are expected to amount to £395,439,000.00.

The Issuer will use the gross proceeds of the Notes to:

- (i) pay the Initial Consideration payable by the Issuer to the Seller for the Mortgage Portfolio to be acquired on the Closing Date;
- (ii) (with respect to the Class X Notes), fund the General Reserve Fund on the Closing Date up to the General Reserve Fund Required Amount;
- (iii) (with respect to the Class X Notes), to make an upfront payment to the Fixed Rate Swap Provider;  
and
- (iv) (with respect to the Class X Notes), meet the Issuer's costs in connection with the issuance of the Notes and the Certificates.

## ISSUER

The Issuer was incorporated in England and Wales on 22 August 2024 (registered number 15912219) 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, Canary Wharf, 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. Except for the purpose of hedging interest rate risk, the Issuer will not enter into derivative contracts for the purposes of SECN 2.2.16(2) of the UK STS Requirements.

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 controller under the UK GDPR, 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 2025.

Under the Corporate Services Agreement, CSC Corporate Services (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, Canary Wharf, United Kingdom, E14 5HU, which is also the business address for each of CSC Directors (No. 1) Limited, CSC Directors (No. 2) Limited and Alasdair James David Watson.

### Directors and secretary

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

<b>Name</b>	<b>Business address</b>	<b>Business Occupation</b>
CSC Directors (No. 1) Limited	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Corporate Director
CSC Directors (No. 2) Limited	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Corporate Director
Alasdair James David Watson	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Director

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

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

<b>Name</b>	<b>Business address</b>	<b>Principal activities/business occupation</b>
Jonathan Hanly	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Director
Raheel Shehzad Khan	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Director
Renda Manyika	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Director
Catherine Mary Elizabeth Mcgrath	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Director
John Paul Nowacki	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Director
Debra Amy Parsall	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Director
Aline Sternberg	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Director
Oskari Tammenmaa	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Director
Jordina Roberta Therese Walker	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Director
Alasdair James David Watson	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Director
Paivi Helena Whitaker	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Director

## HOLDINGS

Holdings was incorporated in England and Wales on 22 August 2024 (registered number 15912339) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is 10th Floor 5 Churchill Place, London, Canary Wharf, 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 the Share Trustee on a discretionary trust.

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

The accounting reference date of Holdings is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2025.

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.

The principal objects of Holdings are set out in its memorandum of association and are, among other things, to acquire and hold, by way of investments or otherwise, and deal in or exploit, in such manner as may from time to time be considered expedient, all or any part of any securities or other interests of or in 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:

Name	Business Address	Business Occupation
CSC Directors (No. 1) Limited	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Corporate Director
CSC Directors (No. 2) Limited	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Corporate Director
Alasdair James David Watson	10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU	Director

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

The directors of each CSC Directors (No. 1) Limited and CSC Directors (No. 2) Limited and their principal activities are as set out above in section "*Issuer*".

## NOTTINGHAM BUILDING SOCIETY

### Form, Status and Ownership

Nottingham Building Society ("NBS") was formed in 1849. NBS (with firm reference number 200785 and mutual society number 411B) is incorporated in England under the Building Societies Act 1986 for an unlimited duration and is treated as having permission under Part IV of the FSMA to carry out all of the regulated activities which it was authorised to carry out under the Act prior to 1 December 2001.

The principal office of NBS is Nottingham House, 3 Fulforth Street, Nottingham, NG1 3DL, United Kingdom.

As at 31 December 2023, based on its asset value NBS was a top ten building society in the United Kingdom with total assets of £4.5 billion. NBS currently operates 31 branches across 8 counties. NBS is committed to being run for the benefit of the members, both present and future. It strongly supports the concept of mutuality by seeking to give additional value to borrowers and investors and the communities it serves.

NBS has approximately 165,000 members. So far as is known to NBS, no persons, directly or indirectly, jointly or severally, exercise control over NBS.

NBS, as a building society, is a mutual organisation and, unlike a company incorporated under the Companies Act 2006, does not have equity shareholders in the usual sense. A share in NBS is not the same as a share in a company and voting power is not weighted according to the number or value of shares held. No individual member is entitled to more than one vote on any resolution proposed at an annual general meeting.

### General

NBS operates in accordance with the Building Societies Act 1986, regulations made thereunder and its rules and memorandum. The principal purpose of NBS as set out in clause 3 of its memorandum is to make loans that are secured on residential property and are funded substantially by its members. NBS's principal operating objective is to be a high-quality provider and servicer of building society services of retail savings and mortgages.

NBS obtains funds through a combination of retail savings and wholesale funds. Retail savings are the cornerstone of NBS's funding requirement, with the remainder acquired via the secured and unsecured wholesale funding markets.

Funds are advanced primarily to borrowers on the security of first mortgages on freehold and leasehold residential owner-occupied and buy-to-let property. NBS also has loans and advances made to customers secured on secured business lending. Secured business lending is only made available to small and medium sized enterprises and includes limited company buy-to-let lending.

NBS interacts with its customers through a range of sales channels including branch, telephone, post, online platform, mobile app and broker introductions.

### Mortgage Lending and Servicing Activities

NBS competes in the mortgage market by providing a range of competitive fixed and variable rate products. NBS has underwriting processes and systems monitoring in place in accordance with NBS's prudential obligations to ensure underwriting and servicing of mortgage loans is carried out in accordance with NBS's policy.

### Management – Board of Directors

The affairs of NBS are conducted and managed by a Board of Directors (the "**Board**") who are responsible for NBS's strategy and are elected and serve in accordance with NBS's Rules and Memorandum. The Board is responsible to the members for the proper conduct of the affairs of NBS and in turn appoints and monitors executives who are responsible for the daily management of NBS.

The business address of NBS's Directors is at Nottingham House, 3 Fulforth Street, Nottingham, NG1 3DL, United Kingdom. There are no potential conflicts between the duties to NBS of the Directors and their private interests and/or other duties. The members of the Board are as follows:

<i>Director</i>	<i>Responsibility</i>	<i>Date of Appointment</i>
Robin Ashton	Chair	01.12.23
Kerry Spooner	SID & Risk Chair	01.09.16
Kavita Patel	NED	01.01.17
Simon Linares	RemCo Chair	01.12.19
Peter O'Donnell	Audit Chair	01.01.21
Sue Hayes	CEO	08.03.22
Anthony Murphy	CFO	23.06.23
Simon Baum	CRO	18.06.18



**THE FIXED RATE SWAP PROVIDER**

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

**THE TRUSTEE**

Citicorp Trustee Company Limited was incorporated on 24 December 1928 under the laws of England and Wales and has its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, with company number 235914.

Citicorp Trustee Company Limited is an indirect wholly-owned subsidiary of Citigroup Inc., a diversified global financial services holding company incorporated in Delaware. Citicorp Trustee Company Limited is regulated by the FCA.

**THE CASH MANAGER, THE ISSUER ACCOUNT BANK AND THE CUSTODIAN**

Citibank, N.A. is a company incorporated with limited liability in the United States of America under the laws of the City and State of New York on 14 June 1812 and reorganised as a national banking association formed under the laws of the United States of America on 17 July 1865 with Charter number 1461 and having its principal business office at 388 Greenwich Street, New York, NY 10013, USA and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with a foreign company number FC001835 and branch number BR001018.

The London Branch of Citibank, N.A. is authorised and regulated by the Office of the Comptroller of the Currency (USA) and authorised by the PRA. It is subject to regulation by the FCA and limited regulation by the PRA.

THE CORPORATE SERVICES PROVIDER AND BACK-UP MORTGAGE SERVICER  
FACILITATOR

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

CSC Capital Markets UK Limited (registered number 10780001), having its principal address at 10<sup>th</sup> Floor, 5 Churchill Place, London, England, E14 5HU, United Kingdom, will be appointed to provide corporate services to the Issuer and Holdings pursuant to the Corporate Services Agreement and is appointed to the role of Back-Up Mortgage Servicer Facilitator.

CSC Capital Markets UK Limited has served and is currently serving as corporate service provider for numerous securitisation transactions and programmes involving pools of mortgage loan.

## 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 originated by the Legal Title Holder including details of loan types, the underwriting process, lending criteria and selected statistical information.

The Seller will select the mortgage loans for transfer into 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 Asset Warranties that the Seller makes in the Mortgage Sale Agreement in relation to the Mortgage Loans (see the section entitled "*The Mortgage Sale Agreement – Representations and Warranties*" 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 selected pool of mortgage loans is monitored by the Seller so that the Mortgage Loans in the Mortgage Portfolio (which are again selected at random from the mortgage loans in the Provisional Mortgage Portfolio) continue to comply with the relevant criteria on the Closing Date.

#### Characteristics of the Mortgage Loans

##### *Repayment terms*

The Mortgage Loans in the Mortgage Portfolio are Repayment Loans.

Each Mortgage Loan in the Mortgage Portfolio was granted to individuals for the acquisition of their main residence.

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

Principal prepayments may be made in whole or in part at any time during the term of a Mortgage Loan, subject to the payment of any Early Repayment Charges (if applicable) (as described in the section below entitled "*The Mortgage Portfolio – The Mortgage Loans - Characteristics of the Mortgage Loans - Early Repayment Charges*"). Any prepayment of the entire outstanding balance of a Mortgage Loan discharges the Mortgage and any other Related Security. Any prepayment in full must be made together with all Accrued Interest, any Arrears of Interest, any unpaid expenses (such as insurance premiums and fees) and any applicable Early Repayment Charge(s).

##### *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.

##### *Types of loan and interest rate setting*

The Mortgage Loans in the Mortgage Portfolio are one of the following:

- a "**Fixed Rate Loan**", which is subject to a fixed rate of interest;
- a "**Variable Rate Loan**", which is subject to a variable base rate of interest (the "**Standard Variable Rate**"), which is administered, at the discretion of the Legal Title Holder, by reference to the general level of interest rates and competitive forces in the United Kingdom mortgage market;
- a "**Discounted Variable Rate Loan**", which is subject to an interest rate set at a fixed margin below a separate variable base rate applied specifically for Discounted Variable Rate Loans for a fixed offer period (a "**Discounted Variable Rate**"), and after such period, will be subject to the Standard Variable Rate administered, at the discretion of the Legal Title Holder, by reference to

the general level of interest rates and competitive forces in the United Kingdom mortgage market, and with a potential reduction applied dependent on the LTV of the property; or

- a combination of these options.

The Fixed Rate Loans and Discounted Variable Rate Loans are known as the "**Special Rate Loans**". Each of the rates offered under the Special Rate Loans are offered for a predetermined period, usually between one and up to 5 years, at the commencement of the term of the Mortgage Loan (the "**Product Period**"). At the end of the Product Period the rate of interest charged will either move to: (a) another interest rate type for a predetermined period; or (b) the Standard Variable Rate. In certain instances, Early Repayment Charges are payable by the Borrower if the Mortgage Loan is redeemed within the Product Period. See the section entitled "*The Mortgage Portfolio – The Mortgage Loans - Characteristics of the Mortgage Loans - Early Repayment Charges*" below.

The Standard Variable Rate can be reduced at any time and for any reason. The Legal Title Holder can increase the Standard Variable Rate if it reasonably believes the increase is needed, for example, for any of the following reasons: (a) to respond to changes to the Legal Title Holder's costs reasonably incurred with providing the relevant product or service, including administration costs; (b) to maintain the Legal Title Holder's financial stability for the benefit of all members, having proper regard to its status as a mutual society, or to comply with regulatory requirements; (c) to respond to changes to the Legal Title Holder's costs in raising the money it lends to its borrowing members; (d) to enable the Legal Title Holder to harmonise, in a reasonable manner, the interest rates being paid by its borrowers following any acquisition or transfer of mortgages or any takeover of, or merger with, another mortgage provider, or (e) due to a change in law, a decision by a court, ombudsman, regulator or similar person, or to comply with any code or statement of practice which applies to the Legal Title Holder which impacts the costs of running its business.

#### ***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 may include a full or partial unscheduled repayment of principal or an agreement between the Legal Title Holder 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 Legal Title Holder 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 Mortgage 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 Legal Title Holder may have offered some Borrowers incentives such as cashback, free valuations and payment of legal fees. The Seller has given a representation and warranty in the Mortgage Sale Agreement that there will be no Mortgage Loans in the Mortgage Portfolio under which the Seller has not satisfied its obligations in relation to any such incentives.

#### ***Overpayments***

Borrowers may either increase their regular Monthly Payments above the normal Monthly Payment then applicable or make lump sum payments at any time, the amounts paid in addition to scheduled Monthly Payments being "**Overpayments**". Overpayments over a certain threshold (currently 10%) may be subject to Early Repayment Charges.

Any Overpayments will be treated as prepayments of principal on the Mortgage Loans. If Borrowers make an Overpayment, the balance on their Mortgage Loan will be reduced. If Borrowers make an Overpayment which is over a certain minimum amount, the Legal Title Holder will adjust the interest on the reduced balance, which reduces the amount of interest the Borrower must pay and will calculate a new monthly mortgage payment.

***Environmental performance***

The Seller has utilised an external third-party service provider to obtain information related to the environmental performance of Properties securing the Mortgage Loans in the Provisional Mortgage Portfolio, which may include the environmental performance certificate (EPC) ratings of certain Properties.

Where such information is available to the Seller, the Seller will disclose such information in accordance with its obligations under Article 7(1)(a) of Chapter 2 of the PRA Securitisation Rules and Article 7(1)(a) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date).

***Other characteristics***

The Mortgage Loans are homogeneous for purposes of SECN 2.2.9(1) of the UK STS Requirements, on the basis that all Mortgage Loans in the Mortgage Portfolio: (i) have been underwritten by the Legal Title Holder in accordance with similar underwriting standards applying similar approaches with respect to the assessment of a potential borrower's credit risk; (ii) are entered into substantially on the terms of similar standard documentation for mortgage loans; (iii) are serviced by NBS as the Mortgage Servicer pursuant to the Mortgage Servicing Agreement in accordance with the same servicing procedures with respect to monitoring, collections and administration of the Mortgage Loans; and (iv) form one asset category, namely owner-occupied mortgage loans to Borrowers resident in England and Wales.

The Mortgage Loans do not include (i) any transferable securities for the purposes of SECN 2.2.9(5) of the UK STS Requirements, (ii) any securitisation positions for the purposes of SECN 2.2.10 of the UK STS Requirements; or (iii) or any derivatives, for the purposes of SECN 2.2.16(2)(b) of the UK STS Requirements in each case on the basis that the Mortgage Loans have been entered into substantially on the terms of similar standard documentation for residential mortgages loans.

For the purposes of Article 243 of the UK CRR, at the time of inclusion in the Transaction each Mortgage Loan has a standardised risk weight equal to or smaller than 40 per cent. on an exposure value-weighted average basis for the Mortgage Portfolio as such terms are described in Article 243 of the UK CRR.

The Mortgage Loans do not include: (i) any Mortgage Loans that, at the time of origination, were marketed and underwritten on the premise that the Mortgage Loan applicant or, where applicable, intermediaries were made aware that the information provided by the Mortgage Loan applicant might not be verified by the Legal Title Holder; or (ii) at the time of selection for inclusion in the portfolio any exposures to credit-impaired debtors or guarantors or exposures in default within the meaning of Article 178(1) of the UK CRR for the purposes of SECN 2.2.12(2) of the UK STS Requirements.

***Further Advances***

A Borrower may apply to the Mortgage 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 will be a Further Advance.

The Seller will be required to reacquire 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 "*The Mortgage Sale Agreement – Further Advances*").

**Significant Deposit Loans**

As a building society, the customers of the Legal Title Holder may have amounts on deposit with the Legal Title Holder. If a Borrower has amounts on deposit with the Legal Title Holder in excess of the deposit limit protected by the UK Government's Financial Services Compensation Scheme (£85,000 as at the date of this Prospectus), that Borrower's Mortgage Loan will be considered a Significant Deposit Loan.

On each Calculation Date, the Seller shall identify any Mortgage Loans that were Significant Deposit Loans as at the immediately preceding Monthly Testing Date.

If a Mortgage Loan is determined to be a Significant Deposit Loan, the Seller will be required to reacquire the beneficial interest in the Mortgage Loan and its Related Security from the Issuer in accordance with the

Mortgage Sale Agreement (see the sections entitled "*The Mortgage Sale Agreement – Repurchase Events*", "*The Mortgage Sale Agreement – Product Switches*" and "*The Mortgage Sale Agreement – Repurchase for other reasons*").

**Product Switches**

The Mortgage Servicer will administer Product Switches from time to time and upon each Monthly Testing Date, will test the Product Switch Conditions for each Product Switch Loan granted in the immediately preceding calendar month to determine whether a Product Switch Loan may remain in the Mortgage Portfolio. If the Product Switch Loan: (i) meets the Product Switch Conditions then such Product Switch Loan shall remain in the Mortgage Portfolio, or (ii) does not meet the Product Switch Conditions, the Mortgage Servicer shall notify the Issuer and (where the Mortgage Servicer is not also the Seller) the Seller of such Product Switch Loan. Upon receipt of such notification from the Mortgage Servicer, the Issuer shall deliver a repurchase notice and the Seller will be required to reacquire the beneficial interest in the Mortgage Loan and its Related Security from the Issuer in accordance with the Mortgage Sale Agreement.

Mortgage Loans which are subject to a Product Switch may switch to become a Fixed Rate Loan, a Variable Rate Loan or a Discounted Variable Rate Loan.

**Origination channels**

The Legal Title Holder derives its new mortgage-lending business from intermediary (broker) network throughout the United Kingdom. Retention mortgage lending is derived both from intermediary (broker) networks and directly.

**Right-to-buy scheme**

The Seller has given a representation and warranty that 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.

**Origination and Underwriting**

All mortgage loans (including, for the avoidance of doubt, the Mortgage Loans) are originated by the Legal Title Holder and approved by processors or underwriters according to the relevant mandate levels and the Lending Criteria of the Legal Title Holder at the time, which includes (but is not limited to) an assessment of the Borrower's creditworthiness, in each case taking into account factors relevant to verifying the prospect of the borrower's ability to make repayments under its mortgage loan.

All mortgage underwriting decisions may be subject to internal monitoring by the Legal Title Holder in order to ensure the Legal Title Holder's procedures and policies regarding underwriting are being followed by staff. This is undertaken through quality checking of a sample of applications at regular intervals.

***Lending criteria***

Each Mortgage Loan and its Related Security was originated in the ordinary course of business according to the Legal Title Holders Lending Criteria applicable at the time the Mortgage Loan was offered, which included some or all of the following criteria pursuant to underwriting standards that are no less stringent than those that the Legal Title Holder applied at the time of origination to similar exposures that are not included in the Mortgage Portfolio.

(a) *Property - location*

Each Property on which a Mortgage Loan is secured is situated in either England or Wales.

(b) *Property - Borrower's title*

Each Property is a freehold or leasehold residential Property, the legal title to which is vested in the borrower and is a good and marketable title.



(c) *Property - leasehold term*

In the case of a leasehold residential Property, there must be at least 85 years remaining on the term of the lease as at the start of the term of the Mortgage.

(d) *Property - valuation*

A valuation report is required to be performed by a panel valuer, Associate or Fellow of the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers who was at the relevant times either a member of a firm which was on the list of Valuers approved by or on behalf of the Legal Title Holder from time to time or an Associate or Fellow of the Royal Institute of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers employed in-house by the Legal Title Holder acting for the Legal Title Holder in respect of the valuation of a Property.

As at the date of this Prospectus:

- The use of an automated valuation model is permitted for Mortgage Loans with an LTV of up to 76%, **provided that** in the case of Further Advances, the initial valuation did not use an automated valuation model.
- The use of an automated valuation model is subject to further conditions regarding the value and type of Property.
- Desktop valuations are provided by the panel valuer with an LTV of up to 76% for purchases and are also subject to further conditions regarding the value, location and type of Property.

There has been no revaluation of the Properties for the purpose of the issue of the Notes and the valuations quoted are as at the date of the original Mortgage Loan or, if later, at the most recent advance date.

(e) *Property - construction*

The Property must be of a suitable construction (as defined by the valuer), in a satisfactory condition and of a suitable type. For Properties less than ten years old, a suitable certificate or guarantee may be required. The Legal Title Holder generally considers most construction types, however will not generally accept construction defined as defective under the Housing Defects Act 1984.

(f) *Property - occupiers*

Each Borrower must disclose the details of every person who, at the date upon which the mortgage loan is entered into has 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 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 he or she may have or acquire over or in respect of the relevant Property, and making such rights and interests subject to the rights, interests and remedies of the Legal Title Holder under the relevant mortgage.

(g) *Property - use*

A Mortgage Loan will not be granted in relation to Property which is used for commercial purposes (other than on an informal basis e.g. use of a room as an office). Each loan was granted to be used as the Borrower's main residence as at the date of origination.

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

In the case of an initial advance, the LTV is calculated by dividing the initial principal amount advanced at completion of the Mortgage Loan (including any completion fees) by the lesser of the valuation (as provided in the relevant Valuation Report) or the purchase price of the Property.

What is an acceptable LTV will depend on the nature of the product and borrowers (e.g. first time buyers), the type and value of the Property and the credit rating of the borrowers.

(i) *Mortgage Loan - repayment methods*

Mortgage Loans contained in the Provisional Mortgage Portfolio are Repayment Loans.

(j) *Loan - term*

Mortgage Loans usually have a term of between 5 and 40 years.

(k) *Borrower - capacity and status*

Borrowers must all be private individuals with permanent rights of residency or indefinite leave to remain in the UK. Borrowers must have a minimum age of 18 at the start of the term of the Mortgage and a maximum age of 75 at the end of the term of the Mortgage.

Employed Borrowers must have a minimum of 6 months continuous employment and a minimum of 3 months with the current employer, unless the employment is considered professional, in which case the applicant will be considered at the discretion of the underwriter.

Self-employed Borrowers require a minimum of 2 years trading to be considered. Contractors, whether temporary or fixed term, require a minimum of 12 months employment history.

(l) *Borrower - credit history*

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

- (i) electoral register or other proof of occupancy;
- (ii) full credit search based on address history for the previous three years supplied by a credit reference agency;
- (iii) copy of the most recent pay slips, P60s, personal and or business bank statements, employment contracts and/or confirmation of salary details from employer;
- (iv) historical business accounts (for example if self-employed/owner of limited company), audited by qualified accountants where applicable; or
- (v) previous mortgage statements.

(m) *Borrower - income and affordability*

Prior to making a lending decision, a full income and expenditure assessment will be carried out to calculate free disposable income to ensure that the offered Mortgage Loan is affordable for the relevant Borrower at the time and will continue to be affordable for the relevant Borrower until maturity of the offered Mortgage Loan. Affordability and reasonableness checks are carried out to validate income and expenses, which includes the use of data from the Office of National Statistics that provides average expenditure levels.

Lending decisions are based on an assessment of affordability for each individual application, as required of all lenders in accordance with MCOB (Responsible Lending), which includes reference to considerations to stressed mortgage rates.

(n) *Borrower - deposit*

Applicants are required to provide a deposit that was funded by their own means, through a non-repayable gift or through a family member. The Legal Title Holder also accepts a builder paying a deposit of up to 5% on new build properties.

**Underwriting exceptions**

On a case-by-case basis the Legal Title Holder 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 Legal Title Holder.

The assessment of a Borrower's creditworthiness is conducted in accordance with the Lending Criteria and, where appropriate, meets the requirements set out in CONC 5.2A.7R, MCOB 11.6.2R(1)(a), MCOB 11.6.2R(1)(b), MCOB 11.6.2R(2), MCOB 11.6.5R(1), MCOB 11.6.60R and MCOB 11A.2.1R, or, where applicable, equivalent requirements in third countries. The assessment of each Borrower's creditworthiness is based on the most up to date information available.

**Insurance policies**

In the Mortgage Servicing Agreement, NBS (in its capacity as Mortgage Servicer) has agreed to make and enforce claims under the relevant policies and under terms of the Mortgage Sale Agreement, will assign to the Issuer all right, title, interest and benefit of the Insurance Policies vested in the Legal Title Holder.

*Insurance on the property*

A Borrower is required to insure the Property with buildings insurance. The insurance may be purchased through a referral to Uinsure from the Legal Title Holder 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 Legal Title Holder may, upon becoming aware of the same, correspond with the customer to require them to insure the property. If the Borrower fails to comply, the Legal Title Holder reserves the right to force redemption. To date, the Legal Title Holder has not redeemed any Mortgage Loan for this reason as all Borrowers have obtained insurance upon receiving correspondence from the Legal Title Holder. The Legal Title Holder'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).

*Properties in possession cover*

When a Property is taken into possession by the Legal Title Holder, the Legal Title Holder 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 Legal Title Holder may claim under such policy for any insured damage occurring to the Property while in the Legal Title Holder's possession.

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

**Governing law**

Each of the Mortgage Loans is governed by English law.

**Possessory Title**

Where a Mortgage Loan is advanced in relation to a property registered with possessory title, the Legal Title Holder expects the conveyancer to arrange suitable indemnity insurance.

**Credit Risk Mitigation**

NBS 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 NBS 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 – Origination and Underwriting*" and "*The Mortgage Servicer and the Mortgage Servicing Agreement*");
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures (as to which it should be noted that the Mortgage Portfolio will be serviced in line with the servicing procedures of NBS as Mortgage Servicer - please see further the section of this Prospectus headed "*The Mortgage Servicer and the Mortgage Servicing Agreement*");
- (c) adequate diversification of credit portfolios given NBS'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 "*The Mortgage Portfolio – Origination and Underwriting*" and "*The Mortgage Servicer and the Mortgage Servicing Agreement*").

**REGULATION OF THE UK RESIDENTIAL MORTGAGE MARKET**

*The following discussion is a summary of the material laws and regulations governing the UK residential mortgage market. This discussion does not purport to be an exhaustive analysis of the relevant law. Any prospective investor in any Notes should consult its own legal advisors regarding the effect of the applicable laws and regulations.*

**General**

FSMA regulates financial services in the United Kingdom. Regulation of residential mortgage business under the FSMA came into force on 31 October 2004 (the date known as the "**Regulation Effective Date**"). The FCA has responsibility for the authorisation and supervision of persons carrying on specified regulated mortgage-related activities under the FSMA. Entering into a regulated mortgage contract as a lender, arranging a regulated mortgage contract or advising in respect of a regulated mortgage contract, and administering regulated mortgage contracts (or agreeing to do any of those activities) are (subject to applicable exemptions) regulated activities under the FSMA and the Regulated Activities Order requiring authorisation and permission from the FCA.

A contract is a Regulated Mortgage Contract if at the time it is entered into, it meets the following conditions (when read in conjunction with and subject to certain relevant exclusions): (i) the contract is one under which the lender provides credit to an individual or to trustees (the "**borrower**"), (ii) the contract provides for the repayment obligation of the borrower to be secured by a mortgage on land (other than timeshare accommodation), at least 40 per cent. of that land is used, or is intended to be used: (a) in the case of a credit provided to an individual, as or in connection with a dwelling by the borrower; or (b) (in the case of credit provided to a trustee who is not an individual) as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a related person. In relation to a contract entered into before 23:00 on 31 December 2020, 'land' means land in the United Kingdom or within the territory of an EEA State and in relation to a contract entered into on or after 23:00 on 31 December 2020, 'land' means land in the United Kingdom.

For the purpose of the above categorisation, under the Regulated Activities Order, a "related person" is defined as meaning the borrower's spouse, civil partner, parent, brother, sister, child, grandparent or grandchild or a person (whether or not of the opposite sex) whose relationship with the borrower has the characteristics of the relationship between husband and wife.

On and from the Regulation Effective Date, subject to any exemption, persons carrying on any specified regulated mortgage-related activities by way of business must be authorised under the FSMA. The specified activities currently are: (a) entering into a Regulated Mortgage Contract as lender; (b) "administering" a Regulated Mortgage Contract (administering in this context broadly means notifying borrowers of changes in mortgage payments and/or taking any necessary steps for the purposes of collecting payments due under the mortgage loan); (c) advising in respect of Regulated Mortgage Contracts; and (d) arranging Regulated Mortgage Contracts. Agreeing to carry on any of these activities is also a regulated activity. If requirements as to the authorisation of lenders and brokers are not complied with, a Regulated Mortgage Contract will be unenforceable against the borrower except with the approval of a court and the unauthorised person may commit a criminal offence. An unauthorised person who carries on the regulated mortgage activity of administering a Regulated Mortgage Contract that has been validly entered into may commit an offence, although this will not render the contract unenforceable against the borrower. The regime under the FSMA regulating financial promotions covers the content and manner of the promotion of agreements relating to qualifying credit and who can issue or approve financial promotions. In this respect, the FSMA regime not only covers financial promotions of Regulated Mortgage Contracts but also promotions of certain other types of secured credit agreements under which the lender is a person (such as an originator) who carries on the regulated activity of entering into a Regulated Mortgage Contract. Failure to comply with the financial promotion regime (as regards who can issue or approve financial promotions) is a criminal offence and will render the Regulated Mortgage Contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court.

The Regulated Activities Order sets out certain exclusions to these provisions. Among other things, these exclusions state that a person who is not an authorised person does not carry on the regulated activity of administering a Regulated Mortgage Contract where he (i) arranges for another person, being an authorised person with permission to carry on an activity of that kind, to administer the contract or (ii) administers the

contract himself during a period of not more than one month beginning with the day on which any such arrangement comes to an end.

### **Mortgage Credit Directive**

The MCD was published in the Official Journal of the European Union on 28 February 2014 and entered into force on 21 March 2014, requiring member states to implement the MCD into national law by 21 March 2016, the date on which the MCD became effective. The UK Government and the FCA transposed the Directive through the MCD Order and relevant changes to MCOB.

The main provisions of the MCD include consumer information requirements, principle based rules and standards for the performance of services (e.g. conduct of business obligations, competence and knowledge requirements for staff), a consumer creditworthiness assessment obligation, provisions on early repayment, provisions on foreign currency loans, provisions on tying practices and some high-level principles (e.g. those covering financial education, property valuation and arrears and foreclosures). This regime applies equally to first and, from 21 March 2016, second charge mortgages (second charge mortgage regulation was previously regulated under the consumer credit regime). This regime covers secured loans where any part of the property over which the loan is secured, is occupied by the borrower (or a relative of the borrower) and the borrower is not acting in the course of a business, trade or profession i.e. the MCD covers lending where the purpose is to buy or retain rights in residential immovable property. Under the MCD regime, mortgages will be regulated if any part of the property is occupied by the borrower (or a relative of the borrower) and the borrower is not acting in the course of a business, trade or profession.

The FCA also has powers to register and supervise firms carrying out consumer buy-to-let activities as defined in the MCD Order. Such firms are also subject to aggregated data reporting and to complaints handling rules.

The date range of the underlying Mortgage Loan agreements is from 2018 to 2024. This means that the Mortgage Loan agreements include agreements entered after the coming into force of the MCD Order on 21 March 2016. Therefore, the Mortgage Loans in the Mortgage Portfolio will be subject to the MCD Order.

Following Brexit, the UK government intends to repeal and, where appropriate, replace retained EU law relating to financial services. The MCD Order is part of the subordinate legislation that will be revoked by the FSMA 2023 which received Royal Assent on 29 June 2023. The UK government has not yet published a formal deadline by which it intends to complete this process.

### **Breathing Space Regulations**

Under the Breathing Space Regulations, an eligible individual in England and Wales may apply for a moratorium (either a breathing space moratorium or mental health crisis moratorium) in respect of 'qualifying debt'. A debtor may only enter into a breathing space moratorium whilst receiving debt advice (from a debt advice provider authorised to provide debt counselling under article 39E of the RAO or a local authority) and potentially entering into a debt solution. Breathing spaces will end either (a) 60 days from the date it started; (b) the day after a debt adviser or court cancels it; or (c) if the debtor dies during the breathing space period. In this case, the breathing space ends on the day after the debtor died.

In addition, in circumstances where the debtor is suffering from a mental health crisis, the debtor themselves or mental health professionals may apply to debt advisors for a mental health breathing space. This will end 30 days after the debtor's mental health crisis treatment ended, or 30 days after the date a debt adviser had no response after asking for confirmation from the nominated point of contact about a debtor's ongoing mental health crisis treatment.

A 'qualifying debt' includes any debt or liability other than 'non-eligible debt' (defined in regulation 5(4)) (including, for example, secured debt which does not amount to arrears in respect of secured debt (regulation 5(4)(a)), whether or not it is entered into, or due to be paid or repaid, before the Breathing Space Regulations come into force (regulation 5(2)). This includes any amount that the debtor is liable to pay under or in relation to an order or warrant for possession of the debtor's place of residence (regulation 3(a)). Accordingly, arrears amounts on mortgage agreements and arrears in rental payments would constitute "qualifying debt". Interest can still be charged on the principal secured debt during the breathing space period, but not on the arrears. Any mortgage arrears incurred during any breathing space period are not protected from creditor action. The Borrower must continue to make mortgage payments in respect of any

mortgage secured against its primary residence (save in respect of arrears accrued prior to the moratorium) during the breathing space period, otherwise the relevant debt adviser may cancel the breathing space period.

A moratorium includes protection from creditor action for most personal debts, including financial services debt, household bill arrears and most public sector debts. The Breathing Space Regulations impose obligations on consumer credit lenders, mortgage lenders and other regulated firms, to comply with the restrictions and obligations imposed by the moratorium on collection and enforcement of debts and application of interest and other charges. This may impact the Mortgage Loans insofar as these include arrears amounts on mortgage agreements, which will be within scope of breathing spaces. No enforcement action may be taken in respect of these arrears amounts for the duration of a breathing space. If payments in respect of ongoing obligations are not made, the debt adviser may elect to cancel the standard breathing space. Any such moratoria may adversely affect the Issuer's ability to make payments to the Noteholders, please see *Risk Factors – Breathing Space Regulations* above.

### **Distance Marketing**

The Financial Services (Distance Marketing) Regulations 2004 (the **Distance Marketing Regulations**) apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by a "consumer" within the meaning of the Distance Marketing Regulations and by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower). A Regulated Mortgage Contract under the FSMA, if made by a UK originator 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. Failure to comply with MCOB pre-contract disclosure rules could result in, amongst other things, disciplinary action by the FCA and claims for damages under Section 138D of FSMA. Certain other agreements for financial services will be cancellable under these regulations, if the Borrower does not receive prescribed information at the prescribed time, or in any event for certain unsecured lending. Where the credit agreement is cancellable under the Distance Marketing Regulations, the Borrower may send notice of cancellation under these regulations at any time before the end of the fourteenth day beginning with the day after the day on which the cancellable agreement is made or, if later, the Borrower receives the last of the prescribed information (where all of the prescribed information was not provided prior to the credit agreement being entered into).

Compliance with the Distance Marketing Regulations may be secured by way of injunction obtained by an enforcement authority, granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the Distance Marketing Regulations may render the originator or intermediaries (and their respective relevant officers) liable to a fine.

If the Borrower cancels the credit agreement under these regulations, then:

- (a) the Borrower is liable to repay the principal and any other sums paid by or on behalf of the originator to the Borrower under or in relation to the cancelled agreement, within 30 calendar 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: (i) the amount is in proportion to the extent of the service provided (in comparison with the full coverage of the contract) and is not such that it could be construed as a penalty; (ii) the Borrower received certain prescribed information at the prescribed time about the amounts payable; and (iii) the originator did not commence performance of the contract before the expiry of the relevant cancellation period (unless requested to do so by the Borrower); and
- (c) any security is to be treated as never having had effect for the cancelled agreement.

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.

### **The CCA Regime**

In order to avoid dual regulation under FSMA and the CCA, it is intended that Regulated Mortgage Contracts will not be regulated by the CCA.

A representation will be given by the Seller to the Issuer in the Mortgage Sale Agreement that, among other things, each relevant Mortgage Loan is a Regulated Mortgage Contract as defined by Article 61(3) of the RAO (see the section entitled "*The Mortgage Sale Agreement – Representations and Warranties*"), or is otherwise exempt from the CCA.

There is a possibility that any Mortgage Loan intended to be a Regulated Mortgage Contract under the FSMA, or unregulated, might instead be wholly or partly regulated by the CCA or treated as such 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) determining whether the credit agreement is an exempt agreement under the CCA; and (c) changes to the credit agreement. If any Mortgage Loan is in fact regulated under the CCA and NBS as legal titleholder of the Mortgage Loan and/or Mortgage Servicer does not have the applicable FCA authorisation, such Mortgage Loan would be unenforceable against the relevant Borrower without a validation order from the OFT.

### **Unfair Consumer Contracts Terms Legislation**

The CRA replaces the Sale of Goods Act, Unfair Terms in Consumer Contract Regulations and the Supply of Goods and Services Act.

The UTCCR applied to any term of an agreement entered into on or after 1 October 1999 to and including 30 September 2015 by a "consumer" within the meaning of the UTCCR where the term had not been individually negotiated. Regulation 2 of the UTCCR revoked and replaced the Unfair Terms in Consumer Contracts Regulations 1994, which applied to agreements entered into between 1 July 1995 and 30 September 1999 and are replaced by the UTCCR. Any term found to be "unfair" within the meaning of the UTCCR will not be binding on the consumer (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term). The FSA (the predecessor to the FCA) and Office of Fair Trading issued guidance notes on unfair contract terms under these regulations which covered, among other things, what is to be considered an unfair term and its view on the application of UTCCR to clauses that permit for interest variations in mortgage loan contracts without good reason.

The CRA took effect from 1 October 2015 and applies to all "consumer contracts" and "consumer notices" (which may be either oral or written) as defined by the CRA. 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 the purposes that are wholly or mainly outside that individual's trade, business, craft or profession). Additionally, any term or consumer notice found to be "unfair" within the meaning of the CRA (a term will be unfair where, contrary to the requirement of good faith, the term causes a significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer) will not be binding on the consumer, although a consumer may rely on the term or notice if the consumer chooses to do so. 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. For example, if a term permitting the lender to vary the interest rate (as the Legal Title Holder is permitted to do) were to be found by a court to be unfair under either the CRA or the UTCCRs, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower under the credit agreement or any other credit agreement that the borrower has taken with the lender. The remainder of the contract continues, so far as practicable, to have effect in every other respect. The CRA also has provisions for notices that relate to rights or obligations between a trader and a consumer or that purport to exclude or restrict a trader's liability to a consumer (requiring such notices to be fair and transparent). Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail.

Certain terms and notices covered by legal provisions are exempt from the fairness test under the CRA which are referred to as the "mandatory statutory or regulatory provisions". A term of the consumer contract may also not be assessed for fairness to the extent that: (i) it specifies the main subject matter of the contract;



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, **provided that** such terms (as set out in (i) and (ii) above) would need to be transparent and prominent. The transparent term is the one that is expressed in plain and intelligible language and in the case of a written term, it would need to be legible.

A term would be regarded as prominent if it is brought to the consumer's attention in such a way that an average consumer would be aware of the term. The average consumer is the consumer who is reasonably well-informed, observant and circumspect. This means that onerous exclusions need to be prominently set out to avoid assessment for unfairness. In the CMA's view, in order to be prominent and benefit from the "core exemption", terms need to be brought to the consumer's attention in a way that is practically effective. It is not merely about highlighting terms visually in the contract document. Where consumers need information in order to understand the effects of the legal provisions, this needs to be provided in or with the contract. It is therefore not sufficient for the wording used to only mention the relevant legal provisions by name.

Schedule 2 of the CRA contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 lists "a term which has the object or effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract" although paragraph 22 of Schedule 2 provides that this does not include a term by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or the amount of other charges for financial services without notice where there is a valid reason if the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately. The CRA also expressly states that in proceedings by consumers, the court is required to consider the fairness of a term, even if the consumer has not raised the issue, where the court has available to it the legal and factual elements necessary for that task. A term of a consumer contract which is not on the "grey list" may nevertheless be regarded as unfair.

The FCA's Unfair Contract Terms Regulatory Guide sets out its approach to assessing the fairness of a contract term. In deciding whether to ask a firm to undertake to stop including a term in new contracts or to stop relying on it in concluded contracts, the FCA considers the full circumstances of each case, including:

- whether the FCA is satisfied that the term may properly be regarded as unfair within the meaning of the CRA;
- the extent and nature of the detriment to consumers resulting from the term or the potential harm which could result from the term; and
- whether the firm has fully cooperated with the FCA in resolving their concerns about the fairness of the particular contractual term.

Guidance withdrawn by the FCA relating to the law before the CRA should not be relied on as it may no longer reflect the FCA's view on unfair terms but may still be relevant to terms governed by UTCCR as explained above. On 19 December 2018, the FCA published new guidance: "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (FG18/7), outlining factors the FCA consider firms should have regard to when drafting and reviewing variation terms in consumer contracts. This follows developments in case law, including at the CJEU. The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA state that firms should consider both this guidance and any other rules that apply when they draft and use variation terms in their consumer contracts. The FCA state that the finalised guidance will apply to FCA authorised persons and their appointed representative in relation to any consumer contracts which contain variation terms.

The broad wording of the CRA/UTCCRs makes any assessment of the fairness of terms largely subjective and difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any loans which have been made or may be made to borrowers covered by the CRA/UTCCRs may contain unfair terms which may result in the possible unenforceability of the terms of such loans. In addition, the guidance has changed over time and new guidance issued in the future by the FCA may differ. Whilst the CMA/FCA has powers to enforce the CRA/UTCCRs, it would be for a court to determine their proper interpretation. No assurance can therefore be given that changes in the CRA/UTCCRs or related guidance or the publication of new or additional guidance in the future would not have a material adverse effect on the Seller, the Issuer and the Trustee and their respective businesses and operations.

### **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 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.

In March 2019, the FCA published Policy Statement PS19/8 entitled "*Increasing the award limit for the Financial Ombudsman Service*". New rules were introduced with effect from 1 April 2019 which increased the maximum level of compensation which can be awarded by the Ombudsman from £150,000 to (i) £350,000 for complaints about acts or omissions by firms on or after 1 April 2019 and (ii) £160,000 for complaints about acts or omissions by firms before 1 April 2019 and which are referred to the Ombudsman after that date. Additionally, the compensation limit will be automatically adjusted each year for inflation from 1 April 2020 onwards. As at 1 April 2024, the maximum award limits are: (a) £430,000 for complaints referred to the Ombudsman on or after 1 April 2024 about acts or omissions by firms on or after 1 April 2019; and (b) £195,000 for complaints referred to Ombudsman on or after 1 April 2024 about acts or omissions by firms before 1 April 2019.

As the Ombudsman is required to make decisions on the basis of, *inter alia*, the principles of fairness, and may order a money award to the Borrower, it is not possible to predict how any decision of the Ombudsman would affect the Seller, the Issuer and/or the Mortgage Servicer and their respective business and operations or, correspondingly, the ability of the Issuer to make payments to Noteholders.

### **Consumer Protection from Unfair Trading Regulations 2008 and the Digital Markets, Competition and Consumers Act 2024**

The UCP, which took effect on 11 May 2005, seeks to regulate unfair commercial practices by establishing rules for the protection of consumers. Generally, the UCP applies full harmonisation, which means that member states of the European Union may not impose more stringent provisions in the fields to which full harmonisation applies, although some member states were permitted to impose more stringent provisions in the fields of financial services and immovable property, such as mortgage loans.

The UCP applies to all consumer contracts and contains a wide prohibition on "unfair commercial practices" with examples of practices which would violate this principle by virtue of being "misleading" or "aggressive". Examples of such conduct include the dissemination of false information at any stage of the relationship or conduct involving harassment, coercion or undue influence.

In the UK the UCP was implemented through the Consumer Protection from Unfair Trading Regulations 2008, which came into force on 26 May 2008. 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. Consequently, there is a risk that breach of such instrument would initiate intervention by a regulator and may lead to criminal sanctions.

On 24 May 2024 the Digital Markets, Competition and Consumers Bill received royal assent, becoming the Digital Markets, Competition and Consumers Act 2024 ("DMCCA"). The DMCCA is not yet fully in force and most of its key provisions will be brought into force through secondary legislation. Once fully in force, the DMCCA will revoke the CPUTR and recreate their effect, with minor amendments (Part 4 of the DMCCA), prohibiting unfair commercial practices in business to consumer relationships. In addition to some minor amendments to the CPUTR rules, the new regime will introduce new rules on consumer reviews, drip pricing and consumer vulnerability. In addition, the DMCCA largely replicates the list of specified banned practices contained in the CPUTR and creates new powers to expand the list of automatically unfair practices. Under the DMCCA, the unfair commercial practices regime, along with all other consumer protection legislation, will become subject to a new enforcement regime under which the CMA will enjoy new direct enforcement powers, which will operate in parallel with a court-based enforcement regime.

The new unfair commercial practices regime established by the DMCCA will apply to acts or omissions which take place on or after the commencement date (to be determined by secondary legislation). It cannot

be excluded that the new rules and enforcement regime under the DMCCA will have an adverse impact on the Loans.

### **FCA response to the cost of living crisis**

On 16 June 2022, the FCA sent a "Dear CEO" letter which stated that the FCA considers that the Mortgages Tailored Support Guidance published on 25 March 2021 which was issued to address exceptional circumstances arising out of coronavirus, is also relevant for borrowers in financial difficulties due to other circumstances such as the rising cost of living (the "**Mortgages Tailored Support Guidance**"). The Mortgages Tailored Support Guidance confirmed the FCA's expectation that action to seek possession should be a last resort.

On 10 April 2024, the FCA published a policy statement titled "Strengthening protections for borrowers in financial difficulty: Consumer credit and mortgages" (PS24/2) and the related Consumer Credit and Mortgages (Tailored Support) Instrument 2024 (FCA 2024/7). It also published FG24/2: "Guidance for firms supporting their existing mortgage borrowers impacted by the rising cost of living". The FCA have stated that they want to build on the Mortgages Tailored Support Guidance and provide a stronger framework for lenders to protect customers facing payment difficulties by incorporating relevant aspects of the Mortgages Tailored Support Guidance for Consumer Credit, Mortgages and Overdrafts into the FCA Handbook and introduces further targeted changes. For mortgages, the FCA have changed their guidance to allow lenders more scope to capitalise payment shortfalls where appropriate and to improve disclosure for all customers in payment shortfall. The new rules came into force on 4 November 2024.

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.

### **Mortgage Charter**

On 26 June 2023, HM Treasury published the "Mortgage Charter" in light of the current pressures on households following interest rate rises and the cost of living crisis. The Mortgage Charter states that the UK's largest mortgage lenders, including NBS, and the FCA have agreed with the Chancellor a set of standards that they will adopt when helping their regulated mortgage borrowers worried about high interest rates (the "**Mortgage Charter**"). In addition, lenders will permit borrowers who are up to date with their payments to: (i) switch to interest-only payments for six months (the "**MC Interest-only Agreement**"); or (ii) extend their mortgage term to reduce their monthly payments and give borrowers the option to revert to their original term within six months by contacting their lender (the "**MC Extension Agreement**"). These options can be taken by borrowers who are up to date with their payments without a new affordability check or affecting their credit score. The Mortgage Charter commitments do not apply to buy-to-let mortgages.

With the effect on and from 30 June 2023, the FCA has amended MCOB to allow (rather than require) lenders to give effect to the MC Interest-only Agreement and the MC Extension Agreement. The amendments made by the FCA do not apply to second ranking mortgages or bridging loans. The FCA announced that it intends to review the impact of the rule changes within 12 months.

The Mortgage Charter is voluntary and adhering to it will be a decision for lenders to make individually.

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 Mortgage Charter or related rules.

### ***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 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.

### **Repossessions policy**

The pre-action protocol for possession based on mortgage or home purchase plan arrears in respect of residential property in England and Wales came into force on 19 November 2008 and was replaced with an updated protocol for mortgage possession claims which came into force on 6 April 2015 (the "**Pre-Action Protocol**") and sets out the steps that judges will expect any lender to take before starting a claim. In response to this, a number of mortgage lenders have confirmed that they will delay the initiation of repossession action for at least three (or, in the case of some lenders, six) months after a Borrower, who is an owner-occupier, is in arrears. The application of such a moratorium is subject to the wishes of the relevant Borrower and may not apply in cases of fraud.

The Pre-Action Protocol is addressed to residential mortgage lenders and may have adverse effects in markets experiencing above average levels of possession claims. In addition, the Mortgage Repossession (Protection of Tenants etc.) Act 2010 came into force in October 2010. The act introduced powers for courts hearing a mortgage repossession case where the property is occupied by unauthorised tenants, including powers to delay a repossession order and suspend a warrant of eviction on application by an unauthorised tenant. In addition, under the protocol the lender must consider whether to postpone the start of a possession claim where the borrower has made a genuine complaint to the Financial Ombudsman Service about the potential possession claim.

Chapter 13 of MCOB contains provisions which prevent in relation to Regulated Mortgage Contracts: (a) repossessing the property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of term or a product switch; and (b) automatically capitalising a payment shortfall.

The Pre-Action Protocol, MCOB requirements for mortgage possession cases and the Mortgage Repossession (Protection of Tenants etc.) Act 2010 may have adverse effects in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Mortgage Loans may result in lower recoveries and a lower repayment rate on the Notes.

### **The FCA Consumer Duty**

Rules imposing a consumer duty on regulated firms (the "**Consumer Duty**"), which aim to set an elevated level of consumer protection in retail financial markets, came into force on 31 July 2023 for products and services that remain open to sale or renewal and came into force from 31 July 2024 for closed products and services, including the Mortgage Portfolio.

The Consumer Duty applies to the regulated activities and ancillary activities of all firms authorised under the FSMA.

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

The Consumer Duty applies not only at origination of a product but throughout its subsistence (so in the case of a mortgage loan, throughout the period the mortgage loan is outstanding). The cross-cutting rules include an obligation to avoid causing foreseeable harm to the retail customer 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, which include FCA-authorized purchasers of in-scope mortgage loans, as well as firms administering or servicing those mortgage loans. Although the Consumer Duty will not apply retrospectively, the FCA require authorised firms to apply the Consumer Duty to existing products on a forward-looking basis. Under the cross-cutting rules which form part of the Consumer Duty requirements there will be more onus on firms to act in good faith when they identify matters which have the potential to cause customers potential harm. This may increase the type and extent of remedial activity which the Mortgage Servicer is expected to undertake. It is not yet possible to predict the precise effect of the Consumer Duty on the Mortgage Loans with any certainty.

### **Assured Shorthold Tenancy (AST)**

Depending on the level of ground rent payable at any one time it is possible that a long leasehold in England and Wales may also be an Assured Tenancy ("AT") or Assured Shorthold Tenancy ("AST") under the Housing Act 1988 ("HA 1988"). If it is, this could have the consequences set out below.

A tenancy or lease in England and Wales will be an AT if granted after 15 January 1989 and:

- (i) the tenant or, as the case may be, each of the joint tenants is an individual;
- (ii) the tenant or, as the case may be, at least one of the joint tenants occupies the dwelling-house as their only or principal home; and
- (iii) if granted before 1 April 1990:
  - a. the property had a rateable value at 31 March 1990 lower than £1,500 in Greater London or £750 elsewhere; and
  - b. the rent payable for the time being is greater than 2/3rds of the rateable value at 31 March 1990;
- (iv) if granted on or after 1 April 1990 the rent payable for the time being is between £251 and £100,000 inclusive (or between £1,001 and £100,000 inclusive in Greater London).

There is no maximum term for an AT and therefore any lease can constitute an AT if it satisfies the relevant criteria.

Since 28 February 1997 all ATs will automatically be ASTs (unless the landlord serves notice to the contrary) which gives landlords the right to recover the property at the end of the term of the tenancy. The HA 1988 also entitles a landlord to obtain an order for possession and terminate an AT/AST during its fixed term on proving one of the grounds for possession specified in section 7(6) of the HA 1988. The ground for possession of most concern in relation to long leaseholds is Ground 8 – namely that if the rent is payable yearly (as most ground rents are), at least three months' rent is more than three months in arrears both at the date of service of the landlord's notice and the date of the hearing.

Most leases give the landlord a right to forfeit the lease if rent is unpaid for a certain period of time but the courts normally have power to grant relief, cancelling the forfeiture as long as the arrears are paid off. There are also statutory protections in place to protect long leaseholders from unjustified forfeiture action. However, an action for possession under Ground 8 is not the same as a forfeiture action and the court's power to grant relief does not apply to Ground 8. In order to obtain possession, the landlord will have to follow the notice procedure in section 8 of the HA 1988 and, if the tenant does not leave on expiry of the notice, apply for a court order. However, as Ground 8 is a mandatory ground, the court will have no discretion and will be obliged to grant the order if the relevant conditions are satisfied. There is government consultation underway to review residential leasehold law generally and it is anticipated that this issue will be addressed as part of any resulting reforms.

Currently, however, there is a risk that where:

- (i) a long lease is also an AT/AST due to the level of the ground rent;
- (ii) the tenant is in arrears of ground rent for more than 3 months;

- (iii) the landlord chooses to use the HA 1988 route to seek possession under Ground 8; and
- (iv) the tenant does not manage to reduce the arrears to below 3 months' ground rent by the date of the court hearing,

the long lease will come to an end and the landlord will be able to re-enter the relevant property.

**General**

No assurance can be given that additional regulations or guidance from the FCA, the PRA, the Financial Ombudsman, the CMA or any other regulatory authority will not arise with regard to the mortgage market in the United Kingdom generally.

## STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO

### STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO

As at the Portfolio Reference Date (as defined below) the Provisional Mortgage Portfolio consisted of 2,182 mortgage loans originated by NBS between 2018 and 2024 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 Portfolio Reference Date. The aggregate Current Balance of the Mortgage Loans in the Provisional Mortgage Portfolio as at the Portfolio Reference Date was £433,269,167.15. Columns may not add up to 100 per cent. due to rounding. A Mortgage Loan will be removed from the Provisional Mortgage Portfolio if in the period from (and including) the Portfolio Reference Date up to (but excluding) the Closing Date such Mortgage Loan is repaid in full, if such Mortgage Loan would not comply with the Asset Warranties on the Closing Date or if such Mortgage Loan has been subject to a Product Switch since the Portfolio Reference Date and is not compliant with the Product Switch Conditions. Having removed such Mortgage Loans, a Mortgage Loan may also be removed by random selection if the amount that is equal to the aggregate Current Balance less Accrued Interest of the remaining Mortgage Loans in the Provisional Mortgage Portfolio as at the Closing Date exceeds the Issuer Principal Amount. Except as otherwise indicated, these tables have been prepared using the Current Balance as at the Portfolio Reference Date. All indexations are based on the non-seasonally adjusted index from the Halifax House Price Index.

For the purposes of administration, the Initial Advance, any future Further Advance and any fees charged to the borrower in respect of a Mortgage Loan 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.

#### Summary

Total outstanding current balance (£).....	433,269,167.15
Number of mortgage loans.....	2,182
Average current loan balance (£).....	198,565.15
Weighted average current LTV Ratio (%).....	65.16%
Weighted average seasoning (months).....	25.14
Weighted average remaining term (years).....	24.71
Weighted average current interest rate (%).....	4.07%

#### Original Balances

The following table shows the original balance by Mortgage Loan which relates to an advance (including capitalised interest, capitalised arrears, capitalised high LTV fees, insurance fees, booking fees and valuation fees).

Range of original balances	November 2024			
	Aggregate original balances	% of total	Number of Mortgage Loans	% of total
< £50,000.....	1,554,166.77	0.33%	43	1.97%
£50,000 - < £100,000.....	16,755,249.42	3.57%	209	9.58%
£100,000 - < £150,000.....	58,520,059.46	12.48%	465	21.31%
£150,000 - < £200,000.....	76,138,480.45	16.24%	442	20.26%
£200,000 - < £250,000.....	81,609,164.02	17.41%	367	16.82%
£250,000 - < £300,000.....	68,236,414.64	14.55%	251	11.50%
£300,000 - < £350,000.....	48,618,481.11	10.37%	151	6.92%
£350,000 - < £400,000.....	25,325,104.76	5.40%	68	3.12%
£400,000 - < £450,000.....	31,210,847.08	6.66%	74	3.39%
£450,000 - < £500,000.....	20,779,826.84	4.43%	44	2.02%
>= £500,000.....	40,072,945.69	8.55%	68	3.12%
<b>Total.....</b>	<b>468,820,740.24</b>	<b>100.00%</b>	<b>2,182</b>	<b>100.00%</b>
Size of smallest original balance.....	10,713.11			
Size of largest original balance.....	764,000.00			
Average original balance.....	214,858.27			

## STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO

### Outstanding Current Balances

The following table shows the range of current balances by Mortgage Loan (including capitalised interest, capitalised arrears, capitalised high LTV fees, insurance fees, booking fees and valuation fees but excluding accrued interest).

Range of outstanding current balances	Aggregate outstanding current balance	% of total	Number of Mortgage Loans	% of total
< £50,000.....	2,810,491.01	0.65%	86	3.94%
£50,000 - < £100,000.....	21,678,838.16	5.00%	274	12.56%
£100,000 - < £150,000.....	62,191,755.78	14.35%	494	22.64%
£150,000 - < £200,000.....	76,752,630.28	17.71%	441	20.21%
£200,000 - < £250,000.....	75,115,004.43	17.34%	337	15.44%
£250,000 - < £300,000.....	59,380,705.98	13.71%	217	9.95%
£300,000 - < £350,000.....	37,210,852.39	8.59%	115	5.27%
£350,000 - < £400,000.....	28,069,680.15	6.48%	75	3.44%
£400,000 - < £450,000.....	23,272,269.71	5.37%	55	2.52%
£450,000 - < £500,000.....	18,788,413.73	4.34%	40	1.83%
>= £500,000.....	27,998,525.53	6.46%	48	2.20%
<b>Total.....</b>	<b>433,269,167.15</b>	<b>100.00%</b>	<b>2,182</b>	<b>100.00%</b>
Loan size of smallest loan.....	1,771.82			
Loan size of largest loan.....	711,280.79			
Average loan size.....	198,565.15			

### LTV Ratios at date of most recent advance

The following table shows the range of LTV ratios, which express the aggregate outstanding current balance of all sub-accounts in a Mortgage Loan (including capitalised interest, capitalised arrears, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the date of the most recent advance divided by the property valuation at origination or, if later, as at the date of the most recent advance (including indexed valuations where applicable).

Range of original LTV ratios	Aggregate original balances	% of total	Number of Mortgage Loans	% of total
0% - < 10%.....	417,138.32	0.09%	10	0.46%
10% - < 20%.....	2,820,331.71	0.60%	41	1.88%
20% - < 30%.....	6,326,774.00	1.35%	60	2.75%
30% - < 40%.....	15,005,416.23	3.20%	102	4.67%
40% - < 50%.....	28,295,156.78	6.04%	155	7.10%
50% - < 60%.....	43,841,725.18	9.35%	225	10.31%
60% - < 70%.....	75,786,792.60	16.17%	320	14.67%
70% - < 80%.....	150,976,232.14	32.20%	638	29.24%
80% - < 90%.....	119,511,062.18	25.49%	503	23.05%
>=90%.....	25,840,111.10	5.51%	128	5.87%
<b>Total.....</b>	<b>468,820,740.24</b>	<b>100.00%</b>	<b>2,182</b>	<b>100.00%</b>
Minimum original LTV.....	4.72%			
Maximum original LTV.....	95.00%			
Weighted average original LTV.....	69.81%			

### Current LTV ratios

The following table shows the range of current LTV ratios, which express the aggregate outstanding current balance of all sub-accounts in a Mortgage Loan (including capitalised interest, capitalised arrears, capitalised high LTV fees, insurance fees, booking fees and valuation fees but excluding accrued interest) as at the Portfolio Reference Date divided by the property valuation at origination or, if later, at the most recent advance date.

Range of current LTV ratios	Aggregate outstanding current balance	% of total	Number of Mortgage Loans	% of total
0% - < 10%.....	988,513.53	0.23%	33	1.51%
10% - < 20%.....	4,173,471.08	0.96%	62	2.84%
20% - < 30%.....	9,955,905.59	2.30%	91	4.17%
30% - < 40%.....	16,340,843.56	3.77%	118	5.41%
40% - < 50%.....	31,841,510.80	7.35%	169	7.75%
50% - < 60%.....	50,200,055.22	11.59%	265	12.14%
60% - < 70%.....	99,137,957.60	22.88%	464	21.26%
70% - < 80%.....	220,630,909.77	50.92%	980	44.91%
>= 80%.....	-	0.00%	-	0.00%
<b>Total.....</b>	<b>433,269,167.15</b>	<b>100.00%</b>	<b>2,182</b>	<b>100.00%</b>
Minimum current LTV.....	0.78%			
Maximum current LTV.....	79.98%			
Weighted average current LTV.....	65.16%			



## STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO

### Current indexed LTV ratios

The following table shows the range of current indexed LTV ratios, which express the aggregate outstanding current balance of all sub-accounts in a Mortgage Loan (including capitalised interest, capitalised arrears, capitalised high LTV fees, insurance fees, booking fees and valuation fees but excluding accrued interest) as at the Portfolio Reference Date divided by the indexed valuation at the same date (such indexed property valuation being obtained by indexing the actual valuation at origination or, if later, the most recent actual valuation obtained). All indexations are based on the non-seasonally adjusted index from the UK House Price Index.

Range of current indexed LTV ratios	Aggregate outstanding current balance	% of total	Number of Mortgage Loans	% of total
0% - < 10% .....	1,189,552.91	0.27%	39	1.79%
10% - < 20% .....	5,572,647.48	1.29%	75	3.44%
20% - < 30% .....	11,364,843.73	2.62%	96	4.40%
30% - < 40% .....	19,101,910.85	4.41%	134	6.14%
40% - < 50% .....	38,885,664.67	8.97%	219	10.04%
50% - < 60% .....	85,764,485.23	19.79%	471	21.59%
60% - < 70% .....	139,403,638.29	32.17%	627	28.74%
70% - < 80% .....	124,594,974.52	28.76%	493	22.59%
80% - < 90% .....	7,391,449.47	1.71%	28	1.28%
≥ 90% .....	-	0.00%	-	0.00%
<b>Total</b> .....	<b>433,269,167.15</b>	<b>100.00%</b>	<b>2,182</b>	<b>100.00%</b>
Minimum current Indexed LTV .....	0.67%			
Maximum current Indexed LTV .....	83.95%			
Weighted average current Indexed LTV .....	61.42%			

### Geographical spread

The following table shows the geographical distribution of Properties securing the Mortgage Loans throughout England and Wales as at the Portfolio Reference Date. No such properties are situated outside England and Wales. The Legal Title Holder's Lending Criteria and current credit scoring tests do not take into account the geographical location of the property securing a Mortgage Loan.

Region	Aggregate outstanding current balance	% of total	Number of Mortgage Loans	% of total
East of England .....	49,295,869.59	11.38%	219	10.04%
East Midlands .....	39,165,565.25	9.04%	213	9.76%
Greater London .....	55,086,479.12	12.71%	174	7.97%
North East .....	16,676,736.01	3.85%	111	5.09%
North West .....	56,013,167.34	12.93%	331	15.17%
South East .....	59,760,678.38	13.79%	246	11.27%
South West .....	41,983,056.47	9.69%	213	9.76%
Wales .....	20,099,421.13	4.64%	115	5.27%
West Midlands .....	38,099,519.70	8.79%	212	9.72%
Yorkshire and the Humber .....	57,088,674.16	13.18%	348	15.95%
<b>Total</b> .....	<b>433,269,167.15</b>	<b>100.00%</b>	<b>2,182</b>	<b>100.00%</b>

### Seasoning of sub-accounts

The following table shows the number of months since the date of origination of each sub-account in the mortgage loans as at the Portfolio Reference Date.

Age of sub-accounts in months	Aggregate outstanding current balance	% of total	Number of Sub Accounts	% of total
< 6.00 .....	48,476,807.90	11.19%	245	10.02%
6.00 - < 12.00 .....	69,351,214.01	16.01%	394	16.11%
12.00 - < 24.00 .....	138,489,312.31	31.96%	690	28.21%
24.00 - < 36.00 .....	50,899,724.22	11.75%	284	11.61%
36.00 - < 48.00 .....	72,719,669.90	16.78%	457	18.68%
≥ 48.00 .....	53,332,438.81	12.31%	376	15.37%
<b>Total</b> .....	<b>433,269,167.15</b>	<b>100.00%</b>	<b>2,446</b>	<b>100.00%</b>
Minimum seasoning (months) .....	1.64			
Maximum seasoning (months) .....	75.95			
Weighted average seasoning (months) .....	25.14			

## STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO

### Years to maturity of sub-accounts

The following table shows the number of remaining years of each sub-account in the Mortgage Loans as at the Portfolio Reference Date.

Years to maturity	Aggregate outstanding current balance	% of total	Number of Sub-accounts	% of total
< 5.00.....	1,187,107.08	0.27%	34	1.39%
5.00 - <10.00.....	11,465,816.00	2.65%	148	6.05%
10.00 - <15.00.....	35,608,983.12	8.22%	269	11.00%
15.00 - <20.00.....	66,359,920.71	15.32%	405	16.56%
20.00 - <25.00.....	96,537,311.42	22.28%	512	20.93%
25.00 - <30.00.....	107,046,980.77	24.71%	538	22.00%
30.00 - <35.00.....	89,951,753.13	20.76%	408	16.68%
>=35.00.....	25,111,294.92	5.80%	132	5.40%
<b>Total.....</b>	<b>433,269,167.15</b>	<b>100.00%</b>	<b>2,446</b>	<b>100.00%</b>
Minimum remaining term (years).....	1.31			
Maximum remaining term (years).....	39.82			
Weighted average remaining term (years).....	24.71			

### Purpose of loan

The following table shows whether the original purpose of each Mortgage Loan was to finance the purchase of a new Property or to remortgage a Property already owned by the borrower.

Use of proceeds	Aggregate outstanding current balance	% of total	Number of Mortgage Loans	% of total
Purchase.....	237,962,877.94	54.92%	1,401	57.28%
Remortgage.....	195,306,289.21	45.08%	1,045	42.72%
<b>Total.....</b>	<b>433,269,167.15</b>	<b>100.00%</b>	<b>2,446</b>	<b>100.00%</b>

### Property type

The following table shows the types of property to which the Mortgage Loans relate.

Property Type	Aggregate outstanding current balance	% of total	Number of Mortgage Loans	% of total
Semi / Detached / Terraced / Back to Back.....	389,644,323.50	89.93%	1,938	88.82%
Flat / Apartment / Maisonette.....	21,444,992.38	4.95%	130	5.96%
Bungalow.....	22,179,851.27	5.12%	114	5.22%
<b>Total.....</b>	<b>433,269,167.15</b>	<b>100.00%</b>	<b>2,182</b>	<b>100.00%</b>

### Payment method

The following table shows the payment methods for each sub-account as at the Portfolio Reference Date.

Repayment method	Aggregate outstanding current balance	% of total	Number of Sub-accounts	% of total
Repayment.....	433,269,167.15	100.00%	2,446	100.00%
<b>Total.....</b>	<b>433,269,167.15</b>	<b>100.00%</b>	<b>2,446</b>	<b>100.00%</b>

The following four tables have been prepared on the basis of the type of product holding of each sub-account or relevant product type in the Mortgage Loans.

### Distribution of product types

The following table shows the distribution of product types as at the Portfolio Reference Date.

Product type	Aggregate outstanding current balance	% of total	Number of Sub-accounts	% of total
Fixed Rate.....	413,951,973.64	95.54%	2,306	94.28%
Variable Rate.....	19,317,193.51	4.46%	140	5.72%
<b>Total.....</b>	<b>433,269,167.15</b>	<b>100.00%</b>	<b>2,446</b>	<b>100.00%</b>

STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO

**Distribution of Current Interest Rates**

The following table shows the distribution of all sub-accounts (variable and fixed rate) by their rate of interest as at the Portfolio Reference Date.

Current interest rate%	Aggregate outstanding current balance	% of total	Number of Sub-accounts	% of total
< 1% .....	-	0.00%	-	0.00%
1% - < 2% .....	46,741,545.11	10.79%	296	12.10%
2% - < 3% .....	82,419,450.70	19.02%	520	21.26%
3% - < 4% .....	27,627,171.89	6.38%	124	5.07%
4% - < 5% .....	150,903,570.34	34.83%	727	29.72%
≥ 5% .....	125,577,429.11	28.98%	779	31.85%
<b>Total .....</b>	<b>433,269,167.15</b>	<b>100.00%</b>	<b>2,446</b>	<b>100.00%</b>
Minimum Current Interest Rate .....	1.40%			
Maximum Current Interest Rate .....	6.95%			
Weighted Average Current Interest Rate .....	4.07%			

**Distribution of Current Interest Rates for Variable Rate Loans and Discounted Variable Rate Loans**

The following table shows the distribution of sub-accounts operating on a variable rate by their rate of interest as at the Portfolio Reference Date.

Current interest rate %	Aggregate outstanding current balance	% of total	Number of Sub-accounts	% of total
< 4% .....	-	0.00%	-	0.00%
4% - < 5% .....	2,305,481.40	11.93%	17	12.14%
5% - < 6% .....	7,733,185.40	40.03%	51	36.43%
≥ 6% .....	9,278,526.71	48.03%	72	51.43%
<b>Total .....</b>	<b>19,317,193.51</b>	<b>100.00%</b>	<b>140</b>	<b>100.00%</b>
Minimum Current Variable Interest Rate .....	4.51%			
Maximum Current Variable Interest Rate .....	6.95%			
Weighted average Current Variable Interest Rate .....	5.91%			

**Distribution of Current Interest Rates for Fixed Rate Loans**

The following tables show the distribution of sub-accounts operating on a fixed rate by their fixed rate of interest as at the Portfolio Reference Date and the year in which the fixed rate ceases.

Sub-accounts operating on a fixed rate remain at the relevant fixed rate for a period of time as specified in the Offer Conditions, after which they move to the Standard Variable Rate or some other rate as specified in the Offer Conditions.

Fixed interest rate %	Aggregate outstanding current balance	% of total	Number of Sub-accounts	% of total
< 1% .....	-	0.00%	-	0.00%
1% - < 2% .....	46,741,545.11	11.29%	296	12.84%
2% - < 3% .....	82,419,450.70	19.91%	520	22.55%
3% - < 4% .....	27,627,171.89	6.67%	124	5.38%
4% - < 5% .....	148,598,088.94	35.90%	710	30.79%
≥ 5% .....	108,565,717.00	26.23%	656	28.45%
<b>Total .....</b>	<b>413,951,973.64</b>	<b>100.00%</b>	<b>2,306</b>	<b>100.00%</b>
Minimum Current Fixed Interest Rate .....	1.40%			
Maximum Current Fixed Interest Rate .....	6.80%			
Weighted Average Current Fixed Interest Rate .....	3.98%			

**Fixed Rate Expiry**

Year in which fixed interest rate period expires	Aggregate outstanding current balance	% of total	Number of Sub-accounts	% of total
2024 .....	1,251,882.54	0.30%	6	0.26%
2025 .....	83,068,058.55	20.07%	521	22.59%
2026 .....	105,741,725.00	25.54%	606	26.28%
2027 .....	65,089,231.56	15.72%	343	14.87%
2028 .....	78,242,225.00	18.90%	402	17.43%
2029+ .....	80,558,850.99	19.46%	428	18.56%
<b>Total .....</b>	<b>413,951,973.64</b>	<b>100.00%</b>	<b>2,306</b>	<b>100.00%</b>

## STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO

### Current EPC data

The following table shows the current EPC data of the provisional portfolio as at the Portfolio Reference Date.

Current EPC data	Aggregate outstanding current balance	% of total	Number of Sub- accounts	% of total
A.....	1,494,889.07	0.35%	8	0.37%
B.....	45,343,105.18	10.47%	213	9.76%
C.....	74,118,032.49	17.11%	397	18.19%
D.....	126,962,879.70	29.30%	634	29.06%
E.....	38,035,493.09	8.78%	188	8.62%
F.....	9,340,667.83	2.16%	42	1.92%
G.....	1,842,545.59	0.43%	11	0.50%
ND.....	136,131,554.20	31.42%	689	31.58%
<b>Total.....</b>	<b>433,269,167.15</b>	<b>100.00%</b>	<b>2,182</b>	<b>100.00%</b>

### Potential EPC data

The following table shows the potential EPC data of the provisional portfolio as at the Portfolio Reference Date.

Potential EPC data	Aggregate outstanding current balance	% of total	Number of Sub- accounts	% of total
A.....	40,228,595.43	9.28%	191	8.75%
B.....	159,447,944.57	36.80%	840	38.50%
C.....	82,450,845.30	19.03%	392	17.97%
D.....	11,423,796.41	2.64%	55	2.52%
E.....	2,969,968.19	0.69%	13	0.60%
F.....	161,171.03	0.04%	1	0.05%
G.....	455,292.02	0.11%	1	0.05%
ND.....	136,131,554.20	31.42%	689	31.58%
<b>Total.....</b>	<b>433,269,167.15</b>	<b>100.00%</b>	<b>2,182</b>	<b>100.00%</b>

### Liability cash flow model

A liability cash flow model showing the contractual relationship between the Mortgage Loans and the flow of Monthly Payments between the Seller, the Issuer and the Transaction is available at the SR Website.

### Historical and Other Information

Static and dynamic historical default and loss performance data in relation to Mortgage Loans originated by the Legal Title Holder will be made available on the SR Website. Such information will cover a period of at least 5 years. None of the Issuer, the Fixed Rate Swap Provider, the Arranger, the Lead Manager, the Seller or any of their respective agents has undertaken or will undertake any investigation or review of, or search to verify, the historical information. There can be no assurances as to the future performance of the Mortgage Loans contained in the Mortgage Portfolio and holders of Notes should not consider such historical performance data to be a reliable indicator of future performance of the Mortgage Loans contained in the Mortgage Portfolio. This in turn may affect the ability of the Issuer to make payments on the Notes.

CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

**CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET**

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

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

**Industry PPR Rates**

In the following tables, quarterly industry principal payment rate ("**Industry PPR**") data was calculated by dividing the amount of scheduled and unscheduled repayments of mortgages originated by banks and building societies in a quarter by the quarterly balance of mortgages outstanding for banks and building societies in the United Kingdom. These quarterly repayment rates were then annualised using standard methodology.

<u>Quarter</u>	<u>Industry PPR rate for the quarter</u>	<u>4-quarter rolling average</u>	<u>Quarter</u>	<u>Industry PPR rate for the quarter</u>	<u>4-quarter rolling average</u>
Sep-2006	26.3	24.9	Dec-2015	15.6	14.5
Dec-2006	26.0	24.9	Mar-2016	15.3	15.1
Mar-2007	24.7	25.4	Jun-2016	15.3	15.4
Jun-2007	25.8	25.7	Sep-2016	16.0	15.5
Sep-2007	26.7	25.8	Dec-2016	15.5	15.5
Dec-2007	24.6	25.4	Mar-2017	14.9	15.4
Mar-2008	20.7	24.4	Jun-2017	15.0	15.3
Jun-2008	21.7	23.4	Sep-2017	16.2	15.4
Sep-2008	20.4	21.9	Dec-2017	16.5	15.7
Dec-2008	15.3	19.5	Mar-2018	15.2	15.7
Mar-2009	13.6	17.7	Jun-2018	15.4	15.8
Jun-2009	13.3	15.6	Sep-2018	16.9	16.0
Sep-2009	13.4	13.9	Dec-2018	16.7	16.0
Dec-2009	12.7	13.3	Mar-2019	14.7	15.9
Mar-2010	11.5	12.7	Jun-2019	14.9	15.8
Jun-2010	11.0	12.2	Sep-2019	15.6	15.5
Sep-2010	11.5	11.7	Dec-2019	15.9	15.3
Dec-2010	11.4	11.4	Mar-2020	14.6	15.2
Mar-2011	10.4	11.1	Jun-2020	11.3	14.3
Jun-2011	11.0	11.1	Sep-2020	13.1	13.7
Sep-2011	12.4	11.3	Dec-2020	14.9	13.5
Dec-2011	11.9	11.4	Mar-2021	15.8	13.8
Mar-2012	11.0	11.6	Jun-2021	15.9	14.9
Jun-2012	11.4	11.7	Sep-2021	14.5	15.3
Sep-2012	11.6	11.5	Dec-2021	14.8	15.3
Dec-2012	11.8	11.5	Mar-2022	14.6	15.0
Mar-2013	11.4	11.5	Jun-2022	14.9	14.7
Jun-2013	13.0	12.0	Sep-2022	15.8	15.0
Sep-2013	14.7	12.7	Dec-2022	16.6	15.5
Dec-2013	15.0	13.5	Mar-2023	14.2	15.4
Mar-2014	13.6	14.1	Jun-2023	13.0	14.9
Jun-2014	14.3	14.4	Sep-2023	14.4	14.6
Sep-2014	15.3	14.5	Dec-2023	13.1	13.7
Dec-2014	14.3	14.4	Mar-2024	12.9	13.3
Mar-2015	13.0	14.2	Jun-2024	13.3	13.4
Jun-2015	14.1	14.2	Sep-2024	13.4	13.2
Sep-2015	15.3	14.2			

Source of repayment and outstanding mortgage information: UK Finance.

**Repossession Rate**

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

<u>Year</u>	<u>Repossessions (%)</u>	<u>Year</u>	<u>Repossessions (%)</u>	<u>Year</u>	<u>Repossessions</u>
1985	0.25	1998	0.30	2011	0.33
1986	0.30	1999	0.27	2012	0.30
1987	0.32	2000	0.20	2013	0.26
1988	0.22	2001	0.16	2014	0.19
1989	0.17	2002	0.11	2015	0.09

CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

Year	Repossessions (%)	Year	Repossessions (%)	Year	Repossessions (%)
1990	0.17	2003	0.07	2016	0.07
1991	0.45	2004	0.07	2017	0.07
1992	0.76	2005	0.12	2018	0.06
1993	0.68	2006	0.18	2019	0.07
1994	0.56	2007	0.22	2020	0.02
1995	0.47	2008	0.34	2021	0.02
1996	0.46	2009	0.43	2022	0.04
1997	0.40	2010	0.34	2023	0.04

Source: UK Finance.

**House Price to Earnings Ratio**

The following table shows the ratio for each year since 1994 of the average house price compared to the average annual income of borrowers in the United Kingdom.

Year	House Price to Earnings Ratio
2002	6.37
2003	7.14
2004	7.66
2005	7.86
2006	8.09
2007	8.47
2008	7.81
2009	7.13
2010	7.37
2011	7.09
2012	7.03
2013	7.13
2014	7.61
2015	7.89
2016	8.24
2017	8.42
2018	8.44
2019	8.24
2020	8.32
2021	8.50
2022	8.74
2023	8.20

Source: UK Finance.

**Quarterly House Price Index**

Quarter	Retail Price Index		Nationwide House Price Index	
	Index	annual change	Index	annual change
Sep-2006	199.3	3.4	336.1	6.9
Dec-2006	201.4	4.0	343.2	9.3
Mar-2007	203.0	4.5	350.2	9.5
Jun-2007	206.3	4.4	362.7	10.2
Sep-2007	207.1	3.9	367.3	9.3
Dec-2007	209.8	4.2	367.0	6.9
Mar-2008	211.1	4.0	357.8	2.2
Jun-2008	215.3	4.4	348.1	-4.0
Sep-2008	217.4	4.9	329.5	-10.3
Dec-2008	215.5	2.7	312.9	-14.7
Mar-2009	210.9	-0.1	298.7	-16.5
Jun-2009	212.6	-1.3	307.3	-11.7
Sep-2009	214.4	-1.4	319.5	-3.0
Dec-2009	216.9	0.6	323.4	3.4
Mar-2010	219.3	4.0	324.9	8.8
Jun-2010	223.5	5.1	336.6	9.5
Sep-2010	224.5	4.7	333.9	4.5
Dec-2010	227.0	4.7	325.1	0.5
Mar-2011	230.9	5.3	323.9	-0.3
Jun-2011	234.9	5.1	332.7	-1.2
Sep-2011	236.2	5.2	332.3	-0.5
Dec-2011	238.6	5.1	328.7	1.1
Mar-2012	239.6	3.7	324.6	0.2

CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

Quarter	Retail Price Index		Nationwide House Price Index	
	Index	annual change	Index	annual change
Jun-2012.....	242.2	3.1	329.1	-1.1
Sep-2012.....	243.1	2.9	327.0	-1.6
Dec-2012.....	246.0	3.1	325.0	-1.1
Mar-2013.....	247.4	3.3	325.3	0.2
Jun-2013.....	249.7	3.1	333.7	1.4
Sep-2013.....	250.9	3.2	341.0	4.3
Dec-2013.....	252.5	2.6	348.0	7.1
Mar-2014.....	253.9	2.6	355.3	9.2
Jun-2014.....	256.0	2.5	372.1	11.5
Sep-2014.....	256.9	2.4	376.7	10.5
Dec-2014.....	257.4	2.0	377.0	8.3
Mar-2015.....	256.4	1.0	376.2	5.9
Jun-2015.....	258.5	1.0	387.5	4.1
Sep-2015.....	259.3	1.0	390.5	3.7
Dec-2015.....	260.0	1.0	393.1	4.3
Mar-2016.....	260.0	1.4	396.1	5.3
Jun-2016.....	262.2	1.4	407.4	5.1
Sep-2016.....	264.2	1.9	411.6	5.4
Dec-2016.....	265.8	2.2	410.8	4.5
Mar-2017.....	267.7	3.0	412.3	4.1
Jun-2017.....	271.5	3.6	418.9	2.8
Sep-2017.....	274.2	3.8	422.3	2.6
Dec-2017.....	276.4	4.0	421.8	2.7
Mar-2018.....	277.5	3.6	422.5	2.5
Jun-2018.....	280.6	3.4	428.1	2.2
Sep-2018.....	283.3	3.3	431.1	2.1
Dec-2018.....	284.9	3.1	427.3	1.3
Mar-2019.....	284.4	2.5	424.3	0.4
Jun-2019.....	289.0	3.0	430.7	0.6
Sep-2019.....	290.7	2.6	432.5	0.3
Dec-2019.....	291.1	2.2	430.7	0.8
Mar-2020.....	291.7	2.6	434.7	2.5
Jun-2020.....	292.5	1.2	439.1	2.0
Sep-2020.....	293.9	1.1	447.5	3.5
Dec-2020.....	294.4	1.1	458.5	6.4
Mar-2021.....	295.8	1.4	462.1	6.3
Jun-2021.....	302.3	3.4	484.2	10.3
Sep-2021.....	307.2	4.5	493.8	10.3
Dec-2021.....	314.7	6.9	504.9	10.1
Mar-2022.....	320.5	8.3	520.2	12.6
Jun-2022.....	337.2	11.5	539.5	11.4
Sep-2022.....	345.3	12.4	544.9	10.3
Dec-2022.....	358.3	13.9	529.0	4.8
Mar-2023.....	364.0	13.6	514.9	-1.0
Jun-2023.....	374.8	11.1	522.6	-3.1
Sep-2023.....	376.4	9.0	519.0	-4.7
Dec-2023.....	378.0	5.5	517.0	-2.3
Mar-2024.....	380.7	4.6	520.2	1.0
Jun-2024.....	386.2	3.0	528.7	1.2
Sep-2024.....	388.7	3.3	531.9	2.5

Source: Office for National Statistics, Nationwide Building Society.

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

$(X-Y)/Y$  where X is equal to the reference quarter's index value and Y is equal to the index value of the previous year's corresponding quarter.

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## CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

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HISTORICAL INFORMATION ON NBS PRIME MORTGAGE LOANS

**HISTORICAL INFORMATION ON NBS PRIME MORTGAGE LOANS**

The information in the following tables set out the principal repayment rates of mortgage loans originated by NBS for the period from March 2018 to November 2024. There has been no adjustment for the selection criteria used in selecting the Provisional Mortgage Portfolio and there can be no assurance that the Mortgage Loans included in the Mortgage Portfolio will have a similar rate of repayment.

<u>Month</u>	<u>Monthly Repayment Rate (Annualised)</u>	<u>Year</u>	<u>Average of Monthly Repayment Rate (Annualised) Over Year</u>
March 2018 .....	16.22%		
April 2018 .....	18.30%		
May 2018 .....	20.13%		
June 2018 .....	15.08%		
July 2018.....	21.59%		
August 2018 .....	17.89%		
September 2018.....	20.49%		
October 2018.....	18.36%		
November 2018.....	25.00%		
December 2018 .....	24.43%	2018	19.75%
January 2019 .....	21.77%		
February 2019 .....	19.96%		
March 2019 .....	25.04%		
April 2019 .....	21.75%		
May 2019 .....	22.80%		
June 2019 .....	17.05%		
July 2019.....	19.55%		
August 2019 .....	20.44%		
September 2019.....	22.85%		
October 2019.....	24.52%		
November 2019.....	23.65%		
December 2019 .....	19.37%	2019	21.56%
January 2020 .....	23.12%		
February 2020 .....	19.53%		
March 2020 .....	17.16%		
April 2020 .....	18.81%		
May 2020 .....	11.54%		
June 2020 .....	11.02%		
July 2020.....	15.33%		
August 2020 .....	19.31%		
September 2020.....	18.29%		
October 2020.....	15.72%		
November 2020.....	19.56%		
December 2020 .....	23.12%	2020	17.71%
January 2021 .....	23.03%		
February 2021 .....	24.50%		
March 2021 .....	23.51%		
April 2021 .....	23.68%		
May 2021 .....	16.22%		
June 2021 .....	27.81%		
July 2021.....	19.78%		
August 2021 .....	15.58%		
September 2021.....	25.51%		
October 2021.....	19.39%		
November 2021.....	20.66%		
December 2021 .....	21.90%	2021	21.80%
January 2022 .....	23.13%		
February 2022 .....	22.69%		
March 2022 .....	23.91%		
April 2022 .....	17.78%		
May 2022 .....	22.15%		
June 2022 .....	17.48%		
July 2022.....	19.89%		
August 2022 .....	19.78%		
September 2022.....	20.07%		
October 2022.....	19.38%		
November 2022.....	17.98%		
December 2022 .....	22.73%	2022	20.58%
January 2023 .....	18.36%		
February 2023 .....	13.73%		
March 2023 .....	16.63%		
April 2023 .....	11.57%		
May 2023 .....	12.00%		
June 2023 .....	23.29%		

HISTORICAL INFORMATION ON NBS PRIME MORTGAGE LOANS

Month	Monthly Repayment Rate (Annualised)	Year	Average of Monthly Repayment Rate (Annualised) Over Year
July 2023.....	18.05%		
August 2023.....	17.14%		
September 2023.....	16.19%		
October 2023.....	16.05%		
November 2023.....	13.83%		
December 2023.....	14.10%	2023	15.91%
January 2024.....	11.35%		
February 2024.....	14.02%		
March 2024.....	23.32%		
April 2024.....	13.18%		
May 2024.....	13.85%		
June 2024.....	15.69%		
July 2024.....	20.76%		
August 2024.....	13.81%		
September 2024.....	19.03%		
October 2024.....	17.36%		
November 2024.....	14.60%		

Note: the monthly repayment rate above has been calculated by the following formula  $1 - ((1 - E)^{365 / \text{number of days in the month}})$  where  $E = ((A - (B - C)) / A)$ , where A = NBS prime mortgage balance at previous month end, B = NBS prime mortgage balance at relevant month end, and C = volume of new NBS prime mortgage originations (including Further Advances).

The information in the following tables set out the historical arrears balance breakdown of mortgage loans originated by NBS for the period from March 2018 to November 2024 by (a) balance and by (b) by percentage. There has been no adjustment for the selection criteria used in selecting the Provisional Mortgage Portfolio and there can be no assurance that the Mortgage Loans included in the Mortgage Portfolio will have a similar rate of arrears.

By balance:

Month ending	Total Balance	Less than 2 months	≥2 months & < 3 months	≥3 months & < 6 months	≥6 months & < 9 months	≥9 months & < 12 months	≥9 months & < 12 months
December 2017.....	2,498,905,363	2,494,234,363	2,103,080	1,787,801	698,831	72,486	8,802
January 2018.....	2,532,087,217	2,527,545,447	1,480,982	2,034,392	945,466	72,207	8,723
February 2018.....	2,511,923,010	2,507,307,323	1,789,306	1,898,470	847,407	71,894	8,610
March 2018.....	2,521,126,985	2,516,305,865	2,184,072	1,608,697	926,295	89,484	12,571
April 2018.....	2,528,385,680	2,523,821,315	1,966,487	1,344,133	1,152,052	89,274	12,419
May 2018.....	2,543,844,991	2,539,184,295	1,784,845	1,618,584	907,576	337,433	12,258
June 2018.....	2,569,754,853	2,564,990,693	1,773,521	1,679,130	927,261	349,942	34,306
July 2018.....	2,563,661,224	2,558,953,294	1,908,853	1,595,332	468,902	704,457	30,387
August 2018.....	2,576,366,903	2,570,982,070	2,464,451	1,458,263	556,434	623,471	282,214
September 2018.....	2,578,921,594	2,573,451,567	1,871,098	2,002,345	1,099,772	236,057	260,754
October 2018.....	2,592,892,567	2,588,856,607	1,525,428	1,779,615	335,574	192,354	202,990
November 2018.....	2,564,901,396	2,560,786,122	1,462,515	1,840,914	471,844	-	340,002
December 2018.....	2,528,717,867	2,523,874,357	2,163,353	1,677,973	629,002	31,987	341,195
January 2019.....	2,503,542,560	2,498,864,674	2,549,939	1,286,128	734,669	49,884	57,265
February 2019.....	2,477,515,521	2,472,661,110	2,902,957	1,185,339	658,656	49,723	57,736
March 2019.....	2,434,703,480	2,429,949,464	1,745,634	2,134,914	687,248	135,426	50,794
April 2019.....	2,412,151,166	2,408,379,092	1,263,046	1,692,385	731,635	59,162	25,847
May 2019.....	2,393,150,386	2,389,819,016	988,693	1,375,759	900,643	59,450	6,824
June 2019.....	2,384,762,186	2,380,705,392	2,064,705	887,013	973,259	125,058	6,760
July 2019.....	2,368,407,745	2,364,474,881	1,519,998	1,553,110	704,302	148,848	6,606
August 2019.....	2,350,434,347	2,345,910,659	2,468,014	1,106,104	793,386	149,732	6,453
September 2019.....	2,321,995,395	2,318,258,397	1,587,841	1,456,744	461,652	224,462	6,298
October 2019.....	2,289,267,072	2,285,826,008	1,764,607	934,715	519,858	177,940	43,943

HISTORICAL INFORMATION ON NBS PRIME MORTGAGE LOANS

Month ending	Total Balance	Less than 2 months	≥2 months & < 3 months	≥3 months & < 6 months	≥6 months & < 9 months	≥9 months & < 12 months	≥9 months & < 12 months
November 2019 .....	2,256,287,188	2,252,336,367	2,505,566	709,090	414,214	284,102	37,849
December 2019.....	2,237,150,199	2,233,133,903	2,141,486	1,026,720	499,287	310,199	38,605
January 2020 .....	2,218,769,619	2,214,747,702	1,352,850	1,747,355	468,470	345,688	107,554
February 2020 .....	2,217,140,052	2,213,170,518	1,412,135	1,612,327	560,493	253,851	130,728
March 2020 .....	2,232,947,555	2,228,818,228	1,364,823	1,483,659	894,123	228,544	158,178
April 2020 .....	2,217,959,260	2,211,805,232	3,197,086	1,494,067	1,015,798	182,586	264,491
May 2020 .....	2,215,878,629	2,209,958,203	2,256,581	2,332,843	880,152	211,326	239,524
June 2020 .....	2,226,184,535	2,219,532,605	2,744,179	2,164,835	1,218,935	283,333	240,647
July 2020 .....	2,228,054,594	2,221,964,402	2,671,941	1,982,269	450,374	670,111	315,498
August 2020 .....	2,209,859,894	2,202,065,382	3,762,742	2,224,469	858,097	576,186	373,018
September 2020.....	2,187,560,972	2,179,187,171	4,140,153	2,423,118	819,892	544,535	446,103
October 2020 .....	2,171,757,956	2,166,361,707	2,187,179	1,473,803	740,692	80,555	914,021
November 2020 .....	2,159,442,467	2,154,931,972	1,876,236	1,004,196	861,735	114,150	654,179
December 2020.....	2,141,146,723	2,136,595,093	849,659	1,731,628	926,323	402,638	641,382
January 2021 .....	2,111,902,164	2,107,001,373	1,738,972	1,350,765	1,116,313	123,882	570,859
February 2021 .....	2,077,868,552	2,072,657,522	1,244,767	2,198,283	1,033,324	127,444	607,212
March 2021 .....	2,051,366,695	2,046,575,328	1,305,242	1,630,313	1,085,406	159,819	610,587
April 2021 .....	2,031,140,675	2,026,589,547	1,115,563	1,646,636	1,015,969	159,530	613,430
May 2021 .....	2,037,317,940	2,033,159,800	929,225	1,608,168	659,389	308,409	652,950
June 2021 .....	2,073,041,161	2,068,298,837	1,181,736	1,605,713	1,262,700	112,600	579,574
July 2021 .....	2,074,838,732	2,069,708,762	1,491,415	1,168,791	1,774,480	112,231	583,054
August 2021 .....	2,075,812,076	2,070,639,348	1,452,680	1,502,226	1,521,494	111,610	584,719
September 2021.....	2,078,463,264	2,073,392,885	1,273,031	1,614,992	1,260,505	370,201	551,649
October 2021 .....	2,074,661,354	2,070,232,651	1,196,529	1,253,706	957,066	422,730	598,672
November 2021 .....	2,079,579,546	2,075,283,857	972,484	1,744,605	761,154	258,031	559,416
December 2021.....	2,061,838,007	2,057,314,610	1,052,772	1,958,982	728,693	206,004	576,946
January 2022 .....	2,042,076,079	2,037,961,415	796,174	1,463,121	1,069,202	92,641	693,526
February 2022 .....	2,023,178,526	2,018,489,427	1,236,680	1,603,906	1,099,976	93,049	655,489
March 2022 .....	2,009,291,452	2,005,023,455	750,059	1,587,532	819,822	357,161	753,424
April 2022 .....	2,019,530,408	2,015,676,491	949,575	1,805,117	569,585	356,772	172,868
May 2022 .....	2,013,797,578	2,010,427,288	1,044,191	1,281,445	607,982	358,511	78,160
June 2022 .....	2,019,841,854	2,015,810,891	1,796,245	1,128,310	575,581	472,333	58,494
July 2022 .....	2,022,627,554	2,018,345,525	1,641,527	1,368,152	770,749	80,764	420,837
August 2022 .....	2,021,429,232	2,017,279,575	1,436,012	1,622,591	886,515	150,572	53,966
September 2022.....	2,034,972,743	2,030,367,152	1,983,966	1,682,036	734,517	87,983	117,089
October 2022 .....	2,035,414,242	2,030,747,318	962,197	2,681,959	319,962	585,300	117,506
November 2022 .....	2,046,352,617	2,041,983,225	889,433	2,403,334	585,682	390,364	100,580
December 2022.....	2,038,184,796	2,033,874,024	572,250	2,650,004	620,542	365,920	102,057
January 2023 .....	2,034,744,148	2,030,599,017	503,195	2,570,901	488,527	288,552	293,958
February 2023 .....	2,045,383,221	2,041,106,297	690,613	2,021,731	980,290	144,359	439,930
March 2023 .....	2,047,797,508	2,043,242,862	1,147,399	1,661,500	1,105,941	331,652	308,154
April 2023 .....	2,052,327,109	2,047,135,046	1,808,763	1,706,629	749,090	693,969	233,613
May 2023 .....	2,059,764,715	2,054,410,866	1,693,907	2,122,702	253,786	1,049,168	234,285
June 2023 .....	2,060,357,480	2,055,555,261	1,087,015	2,119,120	309,917	573,728	712,438
July 2023 .....	2,058,539,138	2,053,952,337	1,236,041	2,109,220	260,145	423,128	558,267
August 2023 .....	2,064,127,690	2,059,382,398	1,914,414	1,833,023	440,271	197,261	360,323

HISTORICAL INFORMATION ON NBS PRIME MORTGAGE LOANS

Month ending	Total Balance	Less than 2 months	≥2 months & < 3 months	≥3 months & < 6 months	≥6 months & < 9 months	≥9 months & < 12 months	≥9 months & < 12 months
September 2023 .....	2,067,789,155	2,063,643,389	1,266,626	1,671,813	605,676	106,962	494,689
October 2023 .....	2,071,815,405	2,067,832,371	993,819	2,024,734	494,389	56,385	413,706
November 2023 .....	2,086,153,170	2,082,417,082	783,932	2,390,402	181,174	56,491	324,089
December 2023 .....	2,091,839,862	2,087,430,615	1,461,675	2,227,554	320,207	69,487	330,325
January 2024 .....	2,113,390,489	2,108,312,264	1,619,726	2,653,708	405,702	69,623	329,467
February 2024 .....	2,125,014,204	2,120,199,938	965,891	2,888,710	492,737	193,902	273,027
March 2024 .....	2,111,313,508	2,106,402,545	917,885	3,089,469	276,563	281,055	345,991
April 2024 .....	2,121,740,941	2,117,004,112	663,869	3,061,242	430,071	236,954	344,692
May 2024 .....	2,139,456,096	2,134,883,491	946,745	2,085,895	921,952	273,248	344,765
June 2024 .....	2,144,156,550	2,138,777,114	1,886,044	1,849,621	981,712	174,450	487,610
July 2024 .....	2,147,753,083	2,142,500,748	1,281,120	2,386,820	947,288	291,078	346,029
August 2024 .....	2,160,270,837	2,154,535,334	1,622,530	2,560,277	351,132	854,658	346,906
September 2024 .....	2,157,117,961	2,151,240,427	1,899,075	2,278,851	209,078	1,144,185	346,343
October 2024 .....	2,170,061,419	2,162,863,104	3,077,347	2,162,944	662,849	647,734	647,442
November 2024 .....	2,186,776,855	2,179,454,092	2,788,256	3,000,053	539,117	554,211	441,126

By percentage of Total Balance:

Month ending	Total Balance	≥2 months & < 3 months	≥3 months & < 6 months	≥6 months & < 9 months	≥9 months & < 12 months	≥12 months
December 2017 .....	2,498,905,363	0.0842%	0.0715%	0.0280%	0.0029%	0.0004%
January 2018 .....	2,532,087,217	0.0585%	0.0803%	0.0373%	0.0029%	0.0003%
February 2018 .....	2,511,923,010	0.0712%	0.0756%	0.0337%	0.0029%	0.0003%
March 2018 .....	2,521,126,985	0.0866%	0.0638%	0.0367%	0.0035%	0.0005%
April 2018 .....	2,528,385,680	0.0778%	0.0532%	0.0456%	0.0035%	0.0005%
May 2018 .....	2,543,844,991	0.0702%	0.0636%	0.0357%	0.0133%	0.0005%
June 2018 .....	2,569,754,853	0.0690%	0.0653%	0.0361%	0.0136%	0.0013%
July 2018 .....	2,563,661,224	0.0745%	0.0622%	0.0183%	0.0275%	0.0012%
August 2018 .....	2,576,366,903	0.0957%	0.0566%	0.0216%	0.0242%	0.0110%
September 2018 .....	2,578,921,594	0.0726%	0.0776%	0.0426%	0.0092%	0.0101%
October 2018 .....	2,592,892,567	0.0588%	0.0686%	0.0129%	0.0074%	0.0078%
November 2018 .....	2,564,901,396	0.0570%	0.0718%	0.0184%	0.0000%	0.0133%
December 2018 .....	2,528,717,867	0.0856%	0.0664%	0.0249%	0.0013%	0.0135%
January 2019 .....	2,503,542,560	0.1019%	0.0514%	0.0293%	0.0020%	0.0023%
February 2019 .....	2,477,515,521	0.1172%	0.0478%	0.0266%	0.0020%	0.0023%
March 2019 .....	2,434,703,480	0.0717%	0.0877%	0.0282%	0.0056%	0.0021%
April 2019 .....	2,412,151,166	0.0524%	0.0702%	0.0303%	0.0025%	0.0011%
May 2019 .....	2,393,150,386	0.0413%	0.0575%	0.0376%	0.0025%	0.0003%
June 2019 .....	2,384,762,186	0.0866%	0.0372%	0.0408%	0.0052%	0.0003%
July 2019 .....	2,368,407,745	0.0642%	0.0656%	0.0297%	0.0063%	0.0003%
August 2019 .....	2,350,434,347	0.1050%	0.0471%	0.0338%	0.0064%	0.0003%
September 2019 .....	2,321,995,395	0.0684%	0.0627%	0.0199%	0.0097%	0.0003%
October 2019 .....	2,289,267,072	0.0771%	0.0408%	0.0227%	0.0078%	0.0019%
November 2019 .....	2,256,287,188	0.1110%	0.0314%	0.0184%	0.0126%	0.0017%
December 2019 .....	2,237,150,199	0.0957%	0.0459%	0.0223%	0.0139%	0.0017%
January 2020 .....	2,218,769,619	0.0610%	0.0788%	0.0211%	0.0156%	0.0048%

## HISTORICAL INFORMATION ON NBS PRIME MORTGAGE LOANS

<b>Month ending</b>	<b>Total Balance</b>	<b>≥2 months &amp; &lt; 3 months</b>	<b>≥3 months &amp; &lt; 6 months</b>	<b>≥6 months &amp; &lt; 9 months</b>	<b>≥9 months &amp; &lt; 12 months</b>	<b>≥12 months</b>
February 2020 .....	2,217,140,052	0.0637%	0.0727%	0.0253%	0.0114%	0.0059%
March 2020 .....	2,232,947,555	0.0611%	0.0664%	0.0400%	0.0102%	0.0071%
April 2020 .....	2,217,959,260	0.1441%	0.0674%	0.0458%	0.0082%	0.0119%
May 2020 .....	2,215,878,629	0.1018%	0.1053%	0.0397%	0.0095%	0.0108%
June 2020 .....	2,226,184,535	0.1233%	0.0972%	0.0548%	0.0127%	0.0108%
July 2020 .....	2,228,054,594	0.1199%	0.0890%	0.0202%	0.0301%	0.0142%
August 2020 .....	2,209,859,894	0.1703%	0.1007%	0.0388%	0.0261%	0.0169%
September 2020 .....	2,187,560,972	0.1893%	0.1108%	0.0375%	0.0249%	0.0204%
October 2020 .....	2,171,757,956	0.1007%	0.0679%	0.0341%	0.0037%	0.0421%
November 2020 .....	2,159,442,467	0.0869%	0.0465%	0.0399%	0.0053%	0.0303%
December 2020 .....	2,141,146,723	0.0397%	0.0809%	0.0433%	0.0188%	0.0300%
January 2021 .....	2,111,902,164	0.0823%	0.0640%	0.0529%	0.0059%	0.0270%
February 2021 .....	2,077,868,552	0.0599%	0.1058%	0.0497%	0.0061%	0.0292%
March 2021 .....	2,051,366,695	0.0636%	0.0795%	0.0529%	0.0078%	0.0298%
April 2021 .....	2,031,140,675	0.0549%	0.0811%	0.0500%	0.0079%	0.0302%
May 2021 .....	2,037,317,940	0.0456%	0.0789%	0.0324%	0.0151%	0.0320%
June 2021 .....	2,073,041,161	0.0570%	0.0775%	0.0609%	0.0054%	0.0280%
July 2021 .....	2,074,838,732	0.0719%	0.0563%	0.0855%	0.0054%	0.0281%
August 2021 .....	2,075,812,076	0.0700%	0.0724%	0.0733%	0.0054%	0.0282%
September 2021 .....	2,078,463,264	0.0612%	0.0777%	0.0606%	0.0178%	0.0265%
October 2021 .....	2,074,661,354	0.0577%	0.0604%	0.0461%	0.0204%	0.0289%
November 2021 .....	2,079,579,546	0.0468%	0.0839%	0.0366%	0.0124%	0.0269%
December 2021 .....	2,061,838,007	0.0511%	0.0950%	0.0353%	0.0100%	0.0280%
January 2022 .....	2,042,076,079	0.0390%	0.0716%	0.0524%	0.0045%	0.0340%
February 2022 .....	2,023,178,526	0.0611%	0.0793%	0.0544%	0.0046%	0.0324%
March 2022 .....	2,009,291,452	0.0373%	0.0790%	0.0408%	0.0178%	0.0375%
April 2022 .....	2,019,530,408	0.0470%	0.0894%	0.0282%	0.0177%	0.0086%
May 2022 .....	2,013,797,578	0.0519%	0.0636%	0.0302%	0.0178%	0.0039%
June 2022 .....	2,019,841,854	0.0889%	0.0559%	0.0285%	0.0234%	0.0029%
July 2022 .....	2,022,627,554	0.0812%	0.0676%	0.0381%	0.0040%	0.0208%
August 2022 .....	2,021,429,232	0.0710%	0.0803%	0.0439%	0.0074%	0.0027%
September 2022 .....	2,034,972,743	0.0975%	0.0827%	0.0361%	0.0043%	0.0058%
October 2022 .....	2,035,414,242	0.0473%	0.1318%	0.0157%	0.0288%	0.0058%
November 2022 .....	2,046,352,617	0.0435%	0.1174%	0.0286%	0.0191%	0.0049%
December 2022 .....	2,038,184,796	0.0281%	0.1300%	0.0304%	0.0180%	0.0050%
January 2023 .....	2,034,744,148	0.0247%	0.1264%	0.0240%	0.0142%	0.0144%
February 2023 .....	2,045,383,221	0.0338%	0.0988%	0.0479%	0.0071%	0.0215%
March 2023 .....	2,047,797,508	0.0560%	0.0811%	0.0540%	0.0162%	0.0150%
April 2023 .....	2,052,327,109	0.0881%	0.0832%	0.0365%	0.0338%	0.0114%
May 2023 .....	2,059,764,715	0.0822%	0.1031%	0.0123%	0.0509%	0.0114%
June 2023 .....	2,060,357,480	0.0528%	0.1029%	0.0150%	0.0278%	0.0346%
July 2023 .....	2,058,539,138	0.0600%	0.1025%	0.0126%	0.0206%	0.0271%
August 2023 .....	2,064,127,690	0.0927%	0.0888%	0.0213%	0.0096%	0.0175%
September 2023 .....	2,067,789,155	0.0613%	0.0809%	0.0293%	0.0052%	0.0239%
October 2023 .....	2,071,815,405	0.0480%	0.0977%	0.0239%	0.0027%	0.0200%
November 2023 .....	2,086,153,170	0.0376%	0.1146%	0.0087%	0.0027%	0.0155%

HISTORICAL INFORMATION ON NBS PRIME MORTGAGE LOANS

<u>Month ending</u>	<u>Total Balance</u>	<u>≥2 months &amp; &lt; 3 months</u>	<u>≥3 months &amp; &lt; 6 months</u>	<u>≥6 months &amp; &lt; 9 months</u>	<u>≥9 months &amp; &lt; 12 months</u>	<u>≥12 months</u>
December 2023.....	2,091,839,862	0.0699%	0.1065%	0.0153%	0.0033%	0.0158%
January 2024 .....	2,113,390,489	0.0766%	0.1256%	0.0192%	0.0033%	0.0156%
February 2024 .....	2,125,014,204	0.0455%	0.1359%	0.0232%	0.0091%	0.0128%
March 2024 .....	2,111,313,508	0.0435%	0.1463%	0.0131%	0.0133%	0.0164%
April 2024 .....	2,121,740,941	0.0313%	0.1443%	0.0203%	0.0112%	0.0162%
May 2024 .....	2,139,456,096	0.0443%	0.0975%	0.0431%	0.0128%	0.0161%
June 2024 .....	2,144,156,550	0.0880%	0.0863%	0.0458%	0.0081%	0.0227%
July 2024 .....	2,147,753,083	0.0596%	0.1111%	0.0441%	0.0136%	0.0161%
August 2024 .....	2,160,270,837	0.0751%	0.1185%	0.0163%	0.0396%	0.0161%
September 2024.....	2,157,117,961	0.0880%	0.1056%	0.0097%	0.0530%	0.0161%
October 2024.....	2,170,061,419	0.1418%	0.0997%	0.0305%	0.0298%	0.0298%
November 2024 .....	2,186,776,855	0.1275%	0.1372%	0.0247%	0.0253%	0.0202%

## THE MORTGAGE SERVICER AND THE MORTGAGE SERVICING AGREEMENT

### Introduction

Under the Mortgage Servicing Agreement, NBS will be appointed as Mortgage Servicer to perform the day-to-day administration of the Mortgage Loans and their Related Security in accordance with its policies applicable from time to time, but subject to the terms of the Mortgage Servicing Agreement.

NBS has more than five years of experience originating and servicing exposures of a similar nature to those securitised.

### Undertakings of the Mortgage Servicer

The primary obligations of the Mortgage Servicer are:

- the collection of monies from Borrowers due under the terms of the relevant Mortgage Loans by direct debit, standing order, cheque, cash, debit card and/or telegraphic transfer and the payment of these monies into the Collection Accounts;
- the transfer of monies in relation to the Mortgage Loans standing to the credit of the Collection Accounts to the Transaction Account;
- the calculation of interest and principal due on the Mortgage Loans and the making of amendments to Mortgage Loans, Product Switches or Further Advances;
- all other administrative functions including, but not limited to, customer contact, administrative and compliance functions, maintaining security for Mortgage Loans, procedures connected with final repayment of the Mortgage Loans, and arrears and possession functions;
- all other regulatory administrative functions, including, but not limited to, provision of Transaction Documents to relevant authorities, publication of information in accordance with relevant regulations, and notification from time to time of certain events which the Mortgage Servicer deems material in the context of the Transaction.

The Mortgage Servicer will be obliged to service the Mortgage Loans with the skill, care and diligence it would apply if it were the beneficial owner of the Mortgage Loans itself, and to comply with the provisions of the Mortgage Servicing Agreement.

The Mortgage Servicer represents and warrants that it has all necessary permissions, licences, consents, registrations, and approvals as may be necessary to perform its obligations as Mortgage Servicer, including but not limited to the regulated activity of administering regulated mortgage contracts under Article 61(3)(b) of the RAO and requests for any further approvals, authorisations, permissions, consents and licences required for itself in connection with the performance of its duties under the Mortgage Servicing Agreement.

### Mortgage Loan Interest Rate

Pursuant to the Mortgage Servicing Agreement, the Mortgage Servicer will calculate the applicable rate of interest payable in relation to all the Mortgage Loans.

### Mortgage servicing policies of the Mortgage Servicer

The following sections describe the Mortgage Servicer's administration procedures based on NBS's current Legal Title Holder's Policies. NBS as Mortgage Servicer will administer the Mortgage Loans and their Related Security in accordance with the Legal Title Holder Policies, applicable law and to the standards of a Prudent Mortgage Lender.

### *Customer Contact*

All calls received by NBS will be answered in accordance with regulatory and statutory requirements (for example, MCOB and COBS). Security checks will be carried out on all calls and calls will be recorded and will be subject to reasonable security controls.

Call capture rates and response times will be targeted and monitored to ensure customer service is acceptable.

***Administration and Compliance***

NBS will undertake a security or signature check before personal information is discussed or a transaction completed. All activities will comply with legal requirements and guidelines set by regulatory bodies including the Data Protection Legislation, Council of Mortgage Lenders and FCA requirements, including MCOB and Principles for Business ("**PRIN**") including the Consumer Duty.

All complaints will be handled in accordance with the Mortgage Servicer's internal complaints procedure, which complies with guidelines laid down by the FCA and Financial Ombudsman Service.

***Title Deeds***

NBS has followed the Land Registry in 'dematerialising' the paper deeds and now holds little or no title documentation of any kind in paper form. Since dematerialisation, the documents detailed below are the only original documents which continue to be held in paper form (and only where applicable to the relevant Mortgage Loan):

- (a) head lease;
- (b) company share certificate(s);
- (c) deed of postponement; and
- (d) topslice guarantor guarantee.

***Arrears and Default Procedures***

Delinquency and default of debtors, debt restructuring, forbearance, losses, recoveries and other asset performance remedies and actions are defined in accordance with NBS's Residential Arrears, Litigation and Possession policy as they apply to the Mortgage Loans from time to time.

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 Mortgage Servicer will be permitted, in its discretion, to pursue the relevant Borrower on an unsecured basis for the deficiency.

If a payment holiday is requested by a borrower due to financial difficulties, NBS may decline the request for a payment holiday and refer the case to the collections team to identify appropriate forbearance options.

When a Borrower fails to make a payment under their Mortgage Loan, they will be moved and managed within NBS's arrears management system (at which point NBS will consider such loan to be a delinquent loan). NBS endeavours to contact the Borrower promptly by all available avenues including, calls, letters and texts (often by the sixth day following the missed payment) to understand the Borrower's circumstances and financial position based on the income and expenditure details they provide. Throughout these communications NBS express the benefits of working with NBS, ensuring that the Borrower is aware of any appropriate timelines whilst being mindful of any specific needs the Borrower may have so that staff can ensure their approach is best adapted to take account of such needs. NBS are also clear about the potential impact the missed payment will have on the Borrower's credit file. NBS will manage the Borrower in accordance with their arrears management process and consider all forbearance options that may be available to ensure they reach an outcome which is suitable for the individual Borrower's circumstances. The accounts will be monitored within the arrears management system, which allows NBS to set activities to monitor the account or to follow up with the relevant Borrower for required information if required.

Where NBS have not been able to contact the Borrower, NBS may consider it appropriate to instruct a field agent to visit the Borrower with a view to obtaining a complete view of the Borrower's circumstances. NBS may also look to utilise the services of a field agent where this will provide further assistance to the Borrower, dependent on the Borrower's circumstances.

After:



## THE MORTGAGE SERVICER AND THE MORTGAGE SERVICING AGREEMENT

- three months in arrears (or, in the case of an interest only mortgage, two months post final maturity) or
- where it is evident that the Borrower is not in a position to clear any arrears and/or is not able to afford to make contractual Monthly Payments following the completion of a detailed income and expenditure breakdown, including due to the following factors:
  - bankruptcy or an individual voluntary arrangement; or
  - a significant unresolved CCJ and signs of internal financial distress (represented by at least 1 month payment arrears),

NBS will consider the Borrower to be in default.

Following the default of a Borrower, NBS will consider if any of the following forbearance options are appropriate in line with their procedures and servicing and enforcement policies as they apply to the Mortgage Loans from time to time:

- a) arrangements to pay;
- b) reduced payment concessions;
- c) interest rate product switch;
- d) payment date changes (rescheduling the dates of principal or interest payments)
- e) term extension; and
- f) in limited circumstances, a short-term period of interest only payments.

The forbearance options available to the Mortgage Servicer may change from time to time in connection with amendments to the Legal Title Holder's Policies. From time to time and only in rare cases after the suitability of other forbearance arrangements have been fully reviewed and discounted due to individual customer circumstances, NBS, in accordance with the Legal Title Holder's Policies, may capitalise any amounts in arrears of a Borrower.

Where NBS have explored all of the available options and have not been able to reach a suitable outcome, NBS has the right to escalate the action taken to litigation which may ultimately lead to repossession. NBS manage this in house, using third party advocates to attend the court on behalf of NBS. However, this is only ever done where NBS have explored all of the available options or where it is in the Borrower's best interests due to the continued impact on the overall financial position (which includes impact on increasing balance/value of the property/possibility of the Borrower's circumstances recovering and being able to recover from the position).

NBS may choose to seek to recover any loss incurred after the sale of the relevant property, by making a suitable arrangement with the Borrower on an unsecured basis and at this point will also reflect any losses within their systems.

### **Payments from Borrowers**

The Mortgage Servicer will be responsible for the monitoring of payments falling due in respect of all Mortgage Loans.

Borrowers may make payments in respect of their Mortgage Loans by direct debit (which is the action referenced in the Mortgage Terms), debit card, standing order, by BACS (Bankers Automated Clearing System) or by cheque to the Collection Accounts in the name of the Legal Title Holder.

Pursuant to the Original Collection Account Declaration of Trust, the Legal Title Holder established a trust over the Collection Accounts for the benefit of (a) itself (as the Original NBS Beneficiary) and (b) a warehouse financing SPV under the terms of a mortgage securitisation entered into at that time.

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On or about the Closing Date, and pursuant to the Collection Account Declaration of Trust, the Legal Title Holder will declare a further sub-trust over its beneficial interest (as Original NBS Beneficiary) in the Collection Accounts in favour of (a) itself and (b) the Issuer.

All amounts in the Collection Accounts referable to the Mortgage Portfolio will be transferred by the Mortgage Servicer to the Transaction Account by the close of business on the Business Day after the day on which such amounts are credited to it. The Cash Manager may at the request of the Issuer invest all amounts standing to the credit of the Transaction Account in Authorised Investments in accordance with the Cash Management Agreement.

### **Application of Payments**

If NBS as Mortgage Servicer receives a payment from a Borrower in respect of a Mortgage Loan and the amount of such payment is insufficient to meet both the principal and interest payment obligations of the Borrower on such date, the Mortgage Servicer will attribute the amount of the payment to principal and interest in accordance with the provisions of the relevant Mortgage Terms.

### **Repayment of Mortgage Loans**

The Mortgage Servicer will be responsible for handling the procedures connected with the repayment of Mortgage Loans and the release and discharge of any Mortgage and other Related Security.

### **Maintaining Security**

The Mortgage Servicer is required under the terms of the Mortgage Servicing Agreement to keep the customer files and title deeds relating to the Mortgage Portfolio in safe custody and shall take appropriate technical and organisational measures against the unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data, where held. (See the section entitled "The Mortgage Servicer and the Mortgage Servicing Agreement – Mortgage servicing policies of the Mortgage Servicer – Title Deeds" above).

### **Product Switches and amendments to Mortgage Loans**

#### *Product Switches*

The Mortgage Servicer shall have full right, liberty and authority from time to time, at the request of a Borrower, to vary certain of the financial terms and conditions of any Mortgage Loan from time to time. The Seller may offer a Borrower, or a Borrower may request a Product Switch from time to time.

In respect of a Product Switch Loan in respect of which the Product Switch Date has occurred during the relevant Calculation Period, if such Product Switch Loans do not or would not comply with the Product Switch Conditions on the Monthly Testing Date following such Calculation Period, the Mortgage Servicer will be required to notify the Issuer in respect of the relevant Product Switch Loan(s) within 5 Business Days of such Monthly Testing Date and the Seller shall thereafter repurchase such Product Switch Loan(s) in the manner and timescales as set out in the Mortgage Sale Agreement.

The consideration payable by the Seller in respect of the repurchase of any relevant Product Switch Loans and their Related Security shall be a cash payment to the Issuer equal to the Repurchase Price.

A Product Switch Loan may be retained in the Mortgage Portfolio if the following criteria are satisfied on the relevant Monthly Testing Date (the "**Product Switch Conditions**"):

- (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 the Seller;
- (c) no Event of Default has occurred and is continuing;
- (d) the Product Switch Asset Warranties are true in respect of the Product Switch Loan on the Monthly Testing Date;
- (e) on the relevant Monthly Testing Date, there is no deficiency recorded in the Class A Principal Deficiency Sub-Ledger;

## THE MORTGAGE SERVICER AND THE MORTGAGE SERVICING AGREEMENT

- (f) on the relevant Monthly Testing Date, the amount standing to the credit of the General Reserve Fund is equal to the General Reserve Fund Required Amount;
- (g) on the last day of the immediately preceding Calculation Period the aggregate Current 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 Current Balances of all Mortgage Loans on such date;
- (h) the conversion of the Mortgage Loan into a Product Switch Loan would not result in such Mortgage Loan being a Fixed Rate Loan at the end of the Product Period that extends past 21 August 2035, being five years plus one Interest Payment Date after the Step-Up Date; and
- (i) the Product Switch Loan is (if, following the Product Switch, it is a Fixed Rate Loan) included in the notional amount of the Fixed Rate Swap when the notional amount of the Fixed Rate Swap is next reset on the Notional Reset Date immediately following the completion date of the Product Switch Loan.

### **Insurance**

Buildings Insurance is required as a condition of the offer letters in respect of each Mortgage Loan. The Mortgage Servicer has the right to request proof of any payment of premiums or maintenance of the insurance cover from any Borrower.

### **Replacement Collection Account Bank**

If the Collection Account Bank ceases to have at least the Account Bank Required Rating, the Mortgage Servicer, in accordance with the terms of the Mortgage Servicing Agreement, shall procure the transfer of the Collection Accounts to a replacement Collection Account Bank which has at least the Account Bank Required Rating.

### **Fees**

The Mortgage Servicer will be entitled to receive a fee for servicing the Mortgage Loans. On each Interest Payment Date and subject to the applicable Payment Priorities, the Issuer will pay to the Mortgage Servicer a servicing fee (exclusive of VAT, if any) of 0.08 per cent. per annum of the aggregate Current Balances of the Mortgage Loans as of the last day of the immediately preceding Calculation Period (or such fee as may be agreed by the successor Mortgage Servicer upon its appointment). The first servicing fee shall be charged from the Cut-off Date (inclusive) and based on the Current Balance of the Mortgage Loans as at the Cut-off Date.

The unpaid balance (if any) will be carried forward to each succeeding Interest Payment Date and, if not paid before such time, will be payable on the earlier of: (i) the Final Maturity Date; or (ii) the redemption of the Notes in full by the Issuer. The Mortgage Servicing Agreement also provides for the Mortgage Servicer to be reimbursed for all reasonable out-of-pocket expenses and charges properly incurred by the Mortgage Servicer in the performance of its services under the Mortgage Servicing Agreement.

### **Mortgage Servicer Events and appointment of a replacement Mortgage Servicer**

The Back-Up Mortgage Servicer Facilitator shall use best efforts to identify, on behalf of the Issuer a suitable replacement Mortgage Servicer following the occurrence of the following events (each a "Mortgage Servicer Event"):

- (a) the Mortgage Servicer defaults in payment or transfer of any amount due and such default remains unremedied for 5 Business Days after the earlier of the Mortgage Servicer becoming aware of such default and the receipt of written notice by the Mortgage Servicer from the Issuer, the Seller or, following the delivery of an Enforcement Notice, the Trustee requiring the default to be remedied;
- (b) the Mortgage Servicer defaults in the performance of, or fails to comply with any of its other covenants or obligations under the Mortgage Servicing Agreement where such failure in the opinion of the Trustee is materially prejudicial to the interests of the Noteholders and is not remedied for 30 calendar days after the earlier of the Mortgage Servicer becoming aware of such default and the receipt of written notice by the Mortgage Servicer from the Issuer, the Seller or, following the delivery of an Enforcement Notice, the Trustee requiring the default to be remedied;

## THE MORTGAGE SERVICER AND THE MORTGAGE SERVICING AGREEMENT

- (c) the occurrence of an Insolvency Event in relation to the Mortgage Servicer;
- (d) the Mortgage Servicer fails to prepare the UK Quarterly Loan Level Data Tape within the time period set out in the Mortgage Servicing Agreement, where such failure is not remedied for 30 calendar days after the earlier of (i) the Mortgage Servicer becoming aware of such default and (ii) the receipt of written notice by the Mortgage Servicer from the Issuer, the Seller (where the Mortgage Servicer and the Seller are not the same entity) or, following the delivery of an Enforcement Notice, the Trustee requiring the default to be remedied; or
- (e) any licence, approval, permission, authorisation or consent necessary for the Mortgage Servicer to conduct its business or perform or comply with its obligations under or in connection with the Mortgage Servicing Agreement is withdrawn or revoked or the Mortgage Servicer at any time fails to obtain such a licence, approval, permission, authorisation or consent.

There shall be no Mortgage Servicer Event under limb (d) above if the failure to prepare the UK Quarterly Loan Level Data Tape within the time period set out in the Mortgage Servicing Agreement is due to a failure of systems or is otherwise without the control of the Mortgage Servicer, provided that the Mortgage Servicer has taken commercially reasonable efforts to prepare and publish the UK Quarterly Loan Level Data Tape within the time period set out in the Mortgage Servicing Agreement.

Under the Mortgage Servicing Agreement, NBS will deliver a power of attorney in favour of the successor Mortgage Servicer to enable the successor Mortgage Servicer to perform the services due to be performed by the Mortgage Servicer under the Mortgage Servicing Agreement in the name of NBS.

### **Resignation by the Mortgage Servicer**

NBS may, upon giving 12 months' notice to the Issuer and the Trustee, voluntarily terminate its obligation to perform its duties as the Mortgage Servicer under the Mortgage Servicing Agreement in any circumstance. Such resignation shall not occur until a successor mortgage servicer is appointed in accordance with the Mortgage Servicing Agreement.

### **Delegation by the Mortgage Servicer**

The Mortgage Servicer may sub-contract or delegate the performance of its duties (or any of them) under the Mortgage Servicing Agreement, **provided that** it meets particular conditions, including that:

- (a) except in respect of any sub-contracting or delegation of its day-to-day business operations in accordance with the in accordance with the Legal Title Holder's Policies, Requirements of Law and the standards of a Prudent Mortgage Lender, the Issuer or, after the delivery of an Enforcement Notice, the Trustee, consents to the proposed sub-contracting or delegation;
- (b) notification has been given to each of the Rating Agencies;
- (c) where the arrangements involve the custody or control of any customer files and/or title deeds relating to the Mortgage Loans, the sub-contractor or delegate will provide a written acknowledgement that those customer files and/or title deeds will be held to the order of the Issuer or, after delivery of an Enforcement Notice, the Trustee;
- (d) where the arrangements involve the receipt by the sub-contractor or delegate of monies referable to Revenue Receipts or Principal Receipts which are to be paid into the Transaction Account, the sub-contractor or delegate will execute a declaration that any such monies are held on trust for the Issuer;
- (e) the sub-contractor or delegate has executed a written waiver of any security interest arising in connection with the delegated services; and
- (f) the Seller, the Issuer and the Trustee have no liability for any costs, charges or expenses in relation to the proposed sub-contracting or delegation.

The consent of the Issuer or, after the delivery of an Enforcement Notice, the Trustee referred to here (among other conditions) will not be required in respect of any delegation in whole or in part to a wholly

owned subsidiary of NBS from time to time or to persons such as receivers, lawyers or other relevant professionals in accordance with the practices of a Prudent Mortgage Lender.

If the Mortgage Servicer sub-contracts or delegates the performance of its duties, it will nevertheless remain liable at all times for administering the Mortgage Loans and for the acts or omissions of any delegate or sub-contractor.

**Back-Up Mortgage Servicer Facilitator**

The Issuer has appointed the Back-Up Mortgage Servicer Facilitator under the Mortgage Servicing Agreement. Upon the occurrence of certain events in relation to the Mortgage Servicer (see the section entitled "*Triggers Tables – Non-Rating Triggers Table*" for further information), the Issuer, with the assistance of the Back-Up Mortgage Servicer Facilitator, shall use its best efforts to appoint a replacement Mortgage Servicer which has suitable experience and credentials to act as a replacement Mortgage Servicer on substantially similar terms to the Mortgage Servicing Agreement and which satisfies the then applicable criteria of the Rating Agencies.

**Liability of the Mortgage Servicer and the Legal Title Holder**

The Mortgage Servicer and the Legal Title Holder will each indemnify the Issuer and the Trustee on an after-tax basis against all losses, liabilities, claims, expenses or damages incurred as a result of negligence, bad faith, fraud or wilful default by the Mortgage Servicer or the Legal Title Holder (as applicable) in carrying out its functions under the Mortgage Servicing Agreement or any other Transaction Document or as a result of a breach of the terms of the Mortgage Servicing Agreement or any other Transaction Document to which the Mortgage Servicer is a party (in its capacity as Mortgage Servicer) in relation to such functions.

**Governing Law**

The Mortgage Servicing Agreement and any non-contractual obligations arising out of or in connection with the Mortgage Servicing Agreements will be governed by English law.

## THE MORTGAGE SALE AGREEMENT

### **Mortgage Portfolio**

Under the Mortgage Sale Agreement, on the Closing Date, the Seller will contract to sell and assign to the Issuer with full title guarantee, the Mortgage Portfolio and Related Security. The assignment will be an assignment which takes effect in equity only.

The transfer of legal title to the Mortgage Loans and their Related Security may not occur or, if it does occur, will not occur until a later date, as described further in the section entitled "*Title to the Mortgages, Registration and Notifications*" below.

The consideration due to the Seller in respect of the sale of the Mortgage Portfolio shall be:

- (a) the Initial Consideration, which is due and payable on the Closing Date; and
- (b) the Deferred Consideration consisting of the Certificate Payments payable pursuant to the applicable Payment Priorities, the right to such Certificate Payments being represented by the Certificates to be issued by the Issuer and delivered to, or at the direction of, the Seller on the Closing Date.

Any Certificate Payments payable pursuant to the Certificates will be paid in accordance with the then-applicable Payments Priority.

The Seller shall transfer to the Issuer within two Business Days of the Closing Date an amount equal to all collections received on the Mortgage Loans from (and including) the Cut-Off Date to (but excluding) the Closing Date.

### **Title to the Mortgages, Registration and Notifications**

The completion of the transfer of the Mortgage Loans and their Related Security (and, where appropriate, their registration) to the Issuer is deferred and legal title to the Mortgage Loans and their Related Security shall remain with the Legal Title Holder until the occurrence of a Perfection Event. Notice of the sale of the Mortgage Loans and their Related Security to the Issuer will not be given to any Borrower until the occurrence of a Perfection Event.

The completion of the assignment to the Issuer of legal title to the Mortgage Loans and their Related Security comprised in the Mortgage Portfolio will be completed by or on behalf of the Legal Title Holder on or before the 20<sup>th</sup> Business Day after any of the following Perfection Events occurs:

- (a) the Legal Title Holder being required to perfect legal title to the Mortgage Loans:
  - (i) by an order of a court of competent jurisdiction;
  - (ii) by a regulatory authority which has jurisdiction over the Legal Title Holder; or
  - (iii) by any organisation of which the Legal Title Holder is a member or whose members comprise, but are not necessarily limited to, mortgage lenders and with the instructions of which it is customary for the Legal Title Holder to comply;
- (b) it becoming necessary by law to perfect the transfer by way of assignment of the legal title to the Mortgage Loans;
- (c) the Trustee notifying the Issuer in writing that the Security or any material part of the Security is, in the reasonable opinion of the Trustee, in jeopardy;
- (d) the Legal Title Holder calling for perfection by delivering notice in writing to that effect to the Issuer (with a copy to the Trustee);
- (e) the Issuer calling for perfection following a Mortgage Servicer Event by delivering notice in writing to that effect to the Legal Title Holder;

- (f) the Seller is in breach of its material obligations under the Mortgage Sale Agreement, but only if such breach, where capable of remedy, is not remedied to the reasonable satisfaction of (prior to the delivery of an Enforcement Notice) the Issuer or (after the delivery of an Enforcement Notice) the Trustee (acting in accordance with the Deed of Charge) within 90 calendar days, provided that this paragraph (f) shall not apply to the extent that none of the Notes satisfy the UK STS Requirements prior to the occurrence of any such breach; or
- (g) the occurrence of an Insolvency Event relating to the Legal Title Holder.

(each of the events set out in paragraphs (a) to (g) inclusive being a "**Perfection Event**").

Following the delivery to the Legal Title Holder of a Perfection Notice the Legal Title Holder will do such acts, matters and things as the Issuer requires the Legal Title Holder to do, including:

- (a) those acts, matters and things referred to in Clause 5.3 (*Perfection of transfer and assignment of Mortgages*) and 5.5 (*Completion of other matters*);
- (b) providing a bulk transfer of direct debit mandates; and
- (c) in the case of all Borrowers who do not make payment by direct debit, ensuring that such Borrowers are instructed to make all payments under the Mortgage Loans directly to the Transaction Account or such replacement bank account as the Issuer (with the prior written consent of the Trustee) requires,

in order to give effect to the terms of the assignments contemplated following delivery of such Perfection Notice.

Save for title deeds held at the relevant Land Registry, all the title deeds and the mortgage files and computer tapes relating to each of the Mortgage Loans and their Related Security are held by the Mortgage Servicer (on behalf of the Legal Title Holder) or its solicitors or agents and the title deeds are held in dematerialised form or are returned to the Borrower's solicitors. Neither the Trustee nor the Issuer has made or has caused to be made on its behalf any enquiries, searches or investigations, but each is relying entirely on the representations and warranties made by the Seller contained in the Mortgage Sale Agreement.

### **Conditions to Sale**

The sale of Mortgage Loans and their Related Security to the Issuer will be subject to various conditions being satisfied on the Closing Date.

### **Repurchase Events**

If a Repurchase Event occurs, the Mortgage Servicer on behalf of the Issuer shall promptly notify the Seller of the Repurchase Event, and the Issuer shall on or before the date falling 20 Business Days after such notification (such date, the "**Repurchase Date**") sell and re-transfer or re-assign to the Seller, any Mortgage Loan and its Related Security in respect of which a Repurchase Event has occurred free from any right or interest which the Issuer may have created over such Mortgage Loan and its Related Security.

### **Product Switches**

The Mortgage Servicer shall, if applicable, consider and administer each application from a Borrower for a Product Switch in respect of a Mortgage Loan in the Mortgage Portfolio in accordance with the Mortgage Servicing Policies and subject to certain conditions set out in the Mortgage Servicing Agreement, may grant such Product Switch and may require the Seller to repurchase any such Product Switch Loan if the Product Switch Conditions are not met in respect of such Product Switch Loan. Following the testing of the Product Switch Conditions by the Mortgage Servicer, the Mortgage Servicer shall notify the Issuer and the Seller, and the Issuer shall deliver a repurchase notice, pursuant to which the Seller will subsequently repurchase and the Issuer will subsequently resell the relevant Product Switch Loan to the Seller within the timeframes and in the manner set out in the Mortgage Sale Agreement and the Mortgage Servicing Agreement.

**Repurchase for other reasons**

If:

- (a) the Issuer exercises an option pursuant to Condition 9.3 (*Optional Redemption pursuant to 10 per cent. clean-up call*) or Condition 9.4 (*Optional Redemption in whole for taxation reasons*) then the Issuer shall serve a notice to the Seller requesting the Seller repurchase all Mortgage Loans and Related Security; or
- (b) the Seller wishes to repurchase any Non-Eligible Loans then the Seller may serve a notice to the Issuer requiring the Issuer to sell all Mortgage Loans and Related Security,

in accordance with the provisions of the Mortgage Sale Agreement.

**Repurchase price**

The consideration payable by the Seller in respect of the repurchase of any Mortgage Loan(s) and its Related Security shall be equal to the Current Balance of such Mortgage Loan(s) as at the date of such repurchase (disregarding for the purposes of any such calculation, to the extent to which the Current Balance of such Mortgage Loan(s) has been reduced as a result of the exercise of any set-off right which the relevant Borrower has against the Seller, the amount of any such reduction in the Current Balance) as at the relevant date of any such repurchase, plus the Issuer's, or as the case may be, the Trustee's costs and expenses (if any) associated with the transfer of such Mortgage Loan(s) and its Related Security to the Seller (the "**Repurchase Price**").

**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 with respect to breaches of Asset Warranties, Repurchase Events and Product Switch Loans do not constitute active portfolio management for purposes of SECN 2.2.8 of the UK STS Requirements.

**Representations and Warranties**

On the Closing Date, the following asset warranties described below (the "**Asset Warranties**") will be given to the Issuer by the Seller, in relation to the Mortgage Loans and their Related Security, in each case as of the Closing Date:

*The Loans*

- (a) Each Mortgage Loan was originated by the Seller in Sterling and is denominated in Sterling and may not be changed by the relevant Borrower to any other currency.
- (b) The final maturity date of each Mortgage Loan is no later than two years prior to the Final Maturity Date.
- (c) No Mortgage Loan had at the date of the Initial Advance, or at the date of any Further Advance, a Current Balance greater than 95 per cent. of the most recent valuation of the Property.
- (d) No Mortgage Loan had an arrears balance of greater than zero on the Cut-Off Date or the Product Switch Date.
- (e) Prior to the making of each advance under a Mortgage Loan, the Lending Criteria and all preconditions to the making of such advance were satisfied in all material respects subject to exceptions made on a case by case basis as would be acceptable to a Prudent Mortgage Lender or, in respect of a Product Switch Loan, the Lending Criteria in effect at the time of the Product Switch Date and all preconditions to the making of such advance were satisfied in all material respects subject to exceptions made on a case by case basis as would be acceptable to a Prudent Mortgage Lender.



- (f) Each Mortgage Loan is payable on a monthly basis and at least one Monthly Payment has been made in respect of each Mortgage Loan.
- (g) The rate of interest under each Mortgage Loan is charged in accordance with the Standard Documentation, subject to the terms of any offer letter in relation thereto.
- (h) Each Mortgage Loan is either a Variable Rate Loan, a Discounted Variable Rate Loan or a Fixed Rate Loan.
- (i) Each Mortgage Loan was provided in the ordinary course of the lending activities of the Seller and for its own account.
- (j) Neither the Seller nor, as far as the Seller is aware, any of its agents, has received written notice of any claim, litigation, dispute or counterclaim (in each case, subsisting, threatened or pending) in respect of any Borrower, Property, Mortgage Loan or Related Security which (if adversely determined) might have a material adverse effect on the value of the Mortgage Portfolio or any part of it.
- (k) Each Mortgage Loan is a regulated mortgage contract as defined by Article 61(3)(a) or (5) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, as applicable and subject to the provisions of MCOB and the Seller has complied with the Requirements of Law in all material respects (including without limitation, MCOB) in respect of the Mortgage Loans.
- (l) No agreement for any Mortgage Loan is in whole or in part a "regulated credit agreement" under Article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.
- (m) Each Mortgage Loan and its Related Security is subject to the laws of England and Wales.
- (n) As at the Cut-Off Date or the Product Switch Date (as applicable), no Mortgage Loan is subject to forbearance by the Seller.
- (o) As at the Cut-Off Date or the Product Switch Date (as applicable), no Mortgage Loan is subject to a current retention of a portion of the Mortgage Loan.
- (p) No Related Security in relation to the Mortgage Loans is "stock" or a "marketable security" (as such terms are defined in section 122 of the Stamp Act 1891), a "chargeable security" (as such term is defined for the purposes of section 99 of the Finance Act 1986), or a "chargeable interest" (as such term is defined for the purposes of section 48 of the Finance Act 2003, or Section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017).
- (q) The Mortgage Loans sold by the Seller to the Issuer pursuant to the Mortgage Sale Agreement are "financial assets" as defined in International Accounting Standard 32 (IAS 32).

*Lending Criteria and Origination*

- (r) The Lending Criteria are consistent with the criteria that would be used by a Prudent Mortgage Lender.
- (s) Prior to the grant of each Mortgage (other than in certain circumstances where a remortgage has been granted in accordance with a bulk conveyancing arrangement), the Seller: (a) instructed its solicitor or licensed conveyancer to carry out an investigation of title to the relevant property and to undertake other searches, investigations, enquiries and other actions on behalf of the Seller in accordance with the instructions which the Seller issued to the relevant solicitor or licensed conveyancer, subject only to those variations as would be acceptable to a Prudent Mortgage Lender; and (b) received a certificate of title from such solicitor, licensed conveyancer or qualified conveyancer relating to such property, the contents of which would have been acceptable to a Prudent Mortgage Lender at that time.
- (t) No Mortgage Loan is a Mortgage Loan which, so far as the Seller is aware, having made all reasonable enquiries, is a Mortgage Loan to a Borrower who is a "credit-impaired obligor" as described in Article 13(2)(j) of the UK LCR Regulation or paragraph 2(k) of Article 177 of the UK Solvency II Regulation.

- (u) No Mortgage Loan is a Mortgage Loan which, so far as the Seller is aware, having made all reasonable enquiries, is a Mortgage Loan to a Borrower or guarantor who is a “credit-impaired debtor” as described in SECN 2.2.12 of the UK STS Requirements, and, in each case, in accordance with any official guidance issued in relation thereto.
- (v) The relevant Mortgage Loan has not been marketed and underwritten on the premise that the Borrower as loan applicant or, where applicable, intermediaries were made aware that the information provided might not be verified by the relevant Seller.
- (w) Prior to the date on which the Mortgage Loan had been made available to the Borrower, all lending criteria and preconditions as applied by the Seller pursuant to its customary lending procedures (including obtaining a valuation as would be acceptable to a Reasonable, Prudent Mortgage Lender) and which are not less stringent than the lending procedures in place at the time applied to similar exposures which are not securitised, were satisfied.
- (x) There are no Mortgage Loans in the Mortgage Portfolio in respect of which the Seller has not satisfied all of its obligations in relation to any incentives such as cash backs, free valuations or payment of legal fees or other incentives offered to the Borrower at the point of the Initial Advance or any Further Advance under such Mortgage Loan.
- (y) Each Mortgage Loan and its Related Security was executed substantially on the terms of the Standard Documentation without any material variation thereto and nothing has been done subsequently to add to, lessen, modify or otherwise vary the express provisions of any of the same or to otherwise waive or acquiesce in any breach of its rights under any Mortgage Loan or its Related Security other than in accordance with the Legal Title Holder's Policies and Requirements of Law or otherwise by acting as a Prudent Mortgage Lender.

*Seller's Title*

- (z) Immediately prior to their transfer to the Issuer, in relation to each property, the Seller has good and marketable title to all property, interests, rights and benefit of the relevant Mortgage Loan (subject to registration of the title at the Land Registry) free and clear from any encumbrance and any subsequent ranking mortgage which would materially adversely affect such title and, without limiting the foregoing, in the case of a leasehold Property any requisite consent of the landlord to, or notice to the landlord of, the creation of the Related Security has been obtained or given.
- (aa) The Seller holds or will hold, upon completion of any pending applications for registration of the legal title-holder at the Land Registry, legal title to all Mortgage Loans and their Related Security. The Seller has not assigned (whether by way of absolute assignment or by way of security only), transferred, charged, disposed of or dealt with the benefit of the Mortgage Loans or their Related Security, any of the other rights relating thereto or any of the property, rights, titles, interests or benefits to be sold, transferred or assigned pursuant to the Mortgage Sale Agreement in any way whatsoever other than pursuant to the Mortgage Sale Agreement and such assignment pursuant to the Mortgage Sale Agreement nor any transfer, assignment or creation of trust contemplated by the Mortgage Sale Agreement shall adversely affect any of the Mortgage Loans and their Related Security.
- (bb) The whole of the outstanding principal balance on each Mortgage Loan, together with any Arrears of Interest, all Accrued Interest and all fees, costs, expenses and any other amounts payable in relation to such Mortgage Loan, is secured by a Mortgage.
- (cc) Each Mortgage constitutes a valid and subsisting first charge by way of legal mortgage over the relevant Property, subject only in certain appropriate cases to applications for registrations at the Land Registry which, where required, have been made and are pending and (in relation to such cases) the Seller is not aware of any notice or any other matter that would prevent such registration.
- (dd) Each Mortgage Loan and its Related Security is valid, binding and enforceable in accordance with its terms and is non-cancellable except in relation to any term in any Mortgage Loan or in its Related Security, in each case, which is not binding by virtue of the UTCCR or the Consumer Rights Act 2015, as applicable (both as amended, extended or re-enacted from time to time) and,

subject to any Requirements of Law, the Legal Title Holder has full legal recourse to the relevant Borrower under the relevant Mortgage Loan.

- (ee) To the best of the Seller's knowledge, none of the terms in any Mortgage Loan or in its Related Security are not binding or otherwise unenforceable by virtue of being unfair within the meaning of the UTCCR or the Consumer Rights Act 2015, as applicable. In this warranty and the previous warranty, reference to any legislation shall be construed as a reference to that legislation as amended, extended or re-enacted from time to time.
- (ff) The Seller has, since the making of each Mortgage Loan, kept or procured the keeping of the Loan Files, full and proper accounts, books and records showing clearly all transactions, payments, receipts, proceedings and notices relating to such Mortgage Loan and such Loan Files, accounts, books and records are held by, or are under the control of the Seller.
- (gg) All approvals, consents and other steps necessary to permit a legal or equitable or beneficial transfer, or a transfer of servicing or other disposal as and in the manner contemplated by the Transaction Documents from the Seller to the Issuer, of the Mortgage Loans and their Related Security to be sold under the Mortgage Sale Agreement have been obtained or taken and there is no requirement in order for the transfer to be effective to obtain the consent of the Borrower before, on or after any equitable or beneficial transfer or before any legal transfer of the Mortgage Loans and their Related Security and such transfer or disposal shall not give rise to any claim by the Borrower against the Issuer, the Security Trustee or any of their successors in title or assignees.

*The Borrowers*

- (hh) Other than with respect to Monthly Payments, no Borrower is or has, since the date of the relevant Mortgage, been in material breach of any obligation owed in respect of the relevant Mortgage Loan or under the Related Security and accordingly no steps have been taken by the Seller to enforce any Related Security.
- (ii) All of the Borrowers are individuals and were aged at least 18 years at the date of execution of the Mortgage.
- (jj) No Borrower has the right to require a Further Advance or other further drawdown of principal under the Mortgage Conditions (as applicable at the time of origination) of any Mortgage Loan.
- (kk) There are no current rights of the Borrowers to reduce the amount payable in respect of any Mortgage Loan by way of set-off or otherwise.
- (ll) No Mortgage Loan has been made to a Borrower who is an employee of the Seller.
- (mm) 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 in the period 3 years immediately prior to the point of origination of the relevant Mortgage Loan or the Product Switch Date, as applicable.
- (nn) None of the Borrowers were, at the application date in respect of the relevant Mortgage Loan subject to any county court judgements in the three (3) years before the date of the application.
- (oo) Prior to entering into the Mortgage Loan a bankruptcy or personal search was carried out in respect of each Borrower, and no undischarged bankruptcy, inhibition or other encumbrance was revealed.

*The Properties*

- (pp) All of the Mortgaged Properties are in England or Wales.
- (qq) No Property is a shared ownership property, a self-build property or used for commercial purposes.
- (rr) No Property has an underlying loan which is:
  - (i) a RTB Loan, a Help to Buy Loan, a self-certified loan, an offset mortgage loan or a buy-to-let loan nor includes flexible products; or

- (ii) a regulated home purchase plan as defined by Article 63F(3) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.
- (ss) Each Property constitutes a separate residential dwelling unit and is either freehold or leasehold and is not recorded by the Seller as having been let to a person other than the Borrower.
- (tt) To the best of the Seller's knowledge, insurance cover for each Property is available, to the full reinstatement cost indicated in the Valuation Report, under either a policy arranged by the Borrower or a seller-introduced insurance policy or (solely in the case of leasehold properties) a policy arranged by the relevant landlord.
- (uu) Each Property was used, or was intended to be used, as or in connection with a residential dwelling by the relevant Borrower at the time of origination of the Mortgage Loan.

*Data Tape*

- (vv) The particulars of each Mortgage Loan in the Data Tape as at the Portfolio Reference Date is true, complete and accurate in all material respects.

Neither the Trustee nor the Lead Manager have undertaken any additional due diligence in respect of the application of the Lending Criteria and have relied entirely upon the representations and warranties referred to above which will be made by the Legal Title Holder to the Seller, the Issuer and the Trustee pursuant to the Mortgage Sale Agreement.

**Governing Law**

The Mortgage Sale Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

**KEY STRUCTURAL FEATURES****SUMMARY OF CREDIT ENHANCEMENT AND LIQUIDITY SUPPORT**

The Notes and the Certificates 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 Issuer 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 Issuer Principal;
- Payments of interest on the Class Z Notes and the Certificates are subordinated to payments of interest on the Class A Notes.
- Payments of interest on the Class X Notes and the Class Z Notes may be deferred where they are not the Most Senior Class and the Issuer has insufficient funds to pay such amounts;
- 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 relevant 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 specified rate (although such rate may be negative) and amounts credited to the Transaction Account may be invested in Authorised Investments; and
- The Issuer will enter into the Fixed Rate Swap Agreement to hedge in part (but not in whole) against the possible variance between the fixed interest rates due and payable by Borrowers in respect of the Fixed Rate Loans and SONIA based interest payments in respect of the Notes. The Issuer will not enter into any swaps to hedge against the possible variance between the interest rates due on the Mortgage Loans other than the Fixed Rate Loans.

Each of these factors is considered in more detail below.

**CREDIT ENHANCEMENT AND LIQUIDITY SUPPORT*****Credit Support for the Notes provided by Available Issuer 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 Issuer Revenue will cover at least the amounts payable under items (a) to (n) inclusive of the Pre-Enforcement Revenue Payments Priorities. The amount available following payment of amounts of items (a) to (n) (inclusive) of the Pre-Enforcement Revenue Payments Priorities to be applied as Certificate Payments will vary during the life of the Notes. One of the key factors determining such variation is the performance of the Mortgage Loans.

Available Issuer 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 Issuer Principal to make up any Remaining Revenue Shortfall.

In addition, Available Issuer 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 Issuer

Principal available on such Interest Payment Date (see "*Certain Available Issuer Revenue to be used as Available Issuer Principal*" below).

***Liquidity support provided to the Class A Notes by use of General Reserve Fund to fund Revenue Shortfall and Available Issuer Principal to fund Remaining Revenue Shortfall***

On each Calculation Date, if following application of Available Issuer Revenue (excluding for these purposes amounts in respect of items (d), (e) and (f) 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 Issuer Revenue (including for these purposes amounts in respect of item (d) and (e) of that definition but excluding amounts in respect of item (f) 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 amounts of Available Issuer Principal.

For more information about the application of the General Reserve Fund to fund Revenue Shortfalls and the application of Available Issuer Principal to fund Remaining Revenue Shortfalls, see the section entitled "*Cashflows and Cash Management*".

***Subordination of the Class X Notes, the Class Z Notes and the Certificates***

The Class A Notes rank *pro rata and pari passu* without preference or priority among themselves in relation to payment of interest at all times, as provided in the Conditions and the Transaction Documents.

The Class X Notes rank *pro rata and pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to payments of interest on the Class A Notes, as provided in the Conditions and the Transaction Documents.

The Class Z Notes rank *pro rata and pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to payments on the Class A Notes and the Class X Notes, as provided in the Conditions and the Transaction Documents.

The Certificates rank *pro rata and pari passu* without preference or priority among themselves in relation to Certificate Payments at all times and are subordinate to all payments due in respect of the Notes.

Following the delivery of an Enforcement Notice, payments of interest and principal on the Class X Notes and the Class Z Notes and payments on the Certificates will be subordinated to payments of interest and principal on the Class A Notes in accordance with the Post-Enforcement Payments Priority.

***Deferral of interest payments***

On each Interest Payment Date interest will be due and payable on each class of Notes.

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) that would otherwise be payable absent the deferral provisions in respect of any Class of Notes (other than the Most Senior Class and other than where the Most Senior Class is the Class Z Notes) after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Payments Priority, then the Issuer will be entitled under Condition 8.10 (*Interest Deferred*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as the relevant Class of Notes becomes due and repayable in full in accordance with the Conditions. Any such deferral in accordance with the Conditions will not constitute an Event of Default. For the avoidance of doubt, where the Issuer has had insufficient funds to make payment in full of all amounts of interest on a Class of Notes which, as at the time of insufficiency, was not the Most Senior Class but has since become the Most Senior Class, such amount may continue to be deferred until able to be paid.

The Interest Amount scheduled to be paid on each Interest Payment Date for the relevant Class of Notes will be increased to take account of any such deferral and the accrual of Additional Interest (if applicable). However, if there is insufficient money available to the Issuer to pay interest and Additional Interest (if

any) on the relevant Class of 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, for the avoidance of doubt, the Issuer Profit Amount, amounts standing to the credit of the Swap Collateral Account (if applicable) and amounts standing to the credit of the General 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 the Class A Notes and one relating to the Class Z Notes), will be established on the Closing Date in order to record the Principal Losses and/or the application of Available Issuer Principal to fund any Remaining Revenue Shortfall.

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 Issuer 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 Issuer 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 Issuer Revenue allocated as described above will be applied in or towards redemption of the Notes as Available Issuer Principal on the relevant Interest Payment Date in accordance with the Pre-Enforcement Principal Payments Priorities.

***Certain Available Issuer Revenue to be used as Available Issuer Principal***

On and following the Step-Up Date, excess Available Issuer Revenue, following any payment to the Class Z Principal Deficiency Sub-Ledger, will be applied as Available Issuer Principal in order to repay the Class A Notes.

***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 relevant Swap Collateral Account(s) and recorded on the Swap Collateral Ledger). The Transaction Account is maintained with the Account Bank. 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 and such rate of interest may be negative (**provided that** any amounts owed by the Issuer to the Account Bank as negative interest shall be payable in accordance with the relevant Payments Priorities). 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 a rating of at least the Account Bank Required Rating, the Issuer shall use commercially reasonable endeavours to within 30 calendar days:

- (a) replace the Account Bank with a Qualified Institution and open a replacement Transaction Account with such entity (transferring all amounts standing to the credit of the Transaction Account to the replacement Transaction Account and entering into an account bank agreement on materially the same commercial terms as the Account Bank Agreement);
- (b) obtain a guarantee of the Account Bank's obligations from a Qualified Institution; and/or
- (c) take such other action as may be required by the relevant rating criteria of the Rating Agencies at such time.

#### ***Issuance of Class X Notes***

The Issuer will issue the Class X Notes on the Closing Date. Repayments on the Class X Notes for both interest and principal are subordinated to certain of the Issuer's other payment obligations, and proceeds from the issuance of the Class X Notes will be used by the Issuer to: (a) fund the General Reserve Fund on the Closing Date in an amount equal to the General Reserve Fund Required Amount; (b) to make an upfront payment to the Fixed Rate Swap Provider; and (c) meet costs and expenses incurred by the Issuer in respect of the issuance of the Notes and the Certificates on the Closing Date.

#### ***Collection Account Declaration of Trust***

Pursuant to a collection account declaration of trust by NBS dated 15 July 2016, the Seller established a trust over the Collection Accounts for the benefit of (a) itself (as the Original NBS Beneficiary) and (b) Arrow Mortgage Finance No.1 Limited under the terms of a mortgage securitisation entered into at that time.

On or about the Closing Date, and pursuant to the Collection Account Declaration of Trust, the Seller will declare a sub-trust over its beneficial interest as the 2025-1 NBS Beneficiary in the Collection Accounts in favour of (a) itself and (b) the Issuer.

Under the Collection Account Declaration of Trust, the Seller will undertake to notify the Collection Account Bank of the Collection Account Declaration of Trust following the Closing Date.

#### ***Deed Poll***

##### ***Portfolio Purchase Option***

Pursuant to the Deed Poll, the Portfolio Purchase Option Holder has an option (the "**Portfolio Purchase Option**") on each Interest Payment Date on and following on the earlier of (x) the Optional Redemption Date; (y) any Interest Payment Date on and following any date on which the Principal Amount Outstanding of all of the outstanding Notes is less than 10 per cent. of the Principal Amount Outstanding of all of the Notes as at the Closing Date; or (z) any Interest Payment Date on and following the occurrence of any of the circumstances set out in limbs (a) and (b) of Condition 9.4 (*Optional Redemption in whole for taxation reasons*), to require the Issuer to:

- (a) sell and transfer to the Portfolio Purchase Option Holder (or its nominee) the beneficial title to the Portfolio Purchase Option Loans;
- (b) transfer to the Portfolio Purchase Option Holder (or its nominee) the right to legal title to the Portfolio Purchase Option Loans and their Related Security;
- (c) (if applicable), direct that the Legal Title Holder transfer legal title to the Portfolio Purchase Option Loans and their Related Security to the Portfolio Purchase Option Holder or its nominee specified as such in the Exercise Notice; and
- (d) (if applicable) serve all relevant notices and take all steps (including carrying out requisite registrations and recordings) in order to vest or transfer legal title in and to the Portfolio Purchase Option Loans in or to its nominee, in each case subject to the terms of the Deed Poll.



*The Portfolio Purchase Option Purchase Price*

The purchase price for the Mortgage Portfolio under the Portfolio Purchase Option shall be the Portfolio Purchase Option Purchase Price. The Issuer shall request the Cash Manager to calculate and provide the Issuer with the Portfolio Purchase Option Purchase Price (or, where such calculation is made prior to the Calculation Date immediately preceding the Portfolio Purchase Option Completion Date, an estimate of the Portfolio Purchase Option Purchase Price shall be calculated, and the final Portfolio Purchase Option Purchase Price shall be calculated by the Cash Manager on the Calculation Date immediately preceding the Portfolio Purchase Option Completion Date), and such price shall be the Portfolio Purchase Option Purchase Price provided that the calculation of such Portfolio Purchase Option Purchase Price by the Cash Manager does not constitute a manifest error.

*Payment of the Portfolio Purchase Option Purchase Price*

The Portfolio Purchase Option Holder or its nominee will be required to deposit the full amount of the Portfolio Purchase Option Purchase Price (subject to any netting of its own holdings) in the Transaction Account following the latest of: (x) delivery of an acceptance notice pursuant to the Deed Poll; and (y) the confirmation of a definitive Portfolio Purchase Option Purchase Price by the Issuer (or the Cash Manager on its behalf), no later than the day falling three Business Days immediately preceding the Interest Payment Date on which the Notes are to be redeemed or such later date as agreed with the Trustee or (after the delivery of an Enforcement Notice) take such other action agreed with the Trustee. The Portfolio Purchase Option Purchase Price will be held in escrow pending completion of transfer of the beneficial title to the Portfolio Purchase Option Loans on that Interest Payment Date, upon which date the full amount of the Portfolio Purchase Option Purchase Price will be applied in accordance with the Post-Enforcement Payments Priority to pay accrued interest, fees, costs and expenses of the Issuer and to effect a redemption in full of the Notes pursuant to Condition 9.3 (*Optional Redemption pursuant to 10 per cent. clean-up call*), Condition 9.4 (*Optional Redemption in whole for taxation reasons*) or Condition 9.5 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*), as applicable.

Where the sale to the Portfolio Purchase Option Holder does not contemplate a transfer of the legal title to the Mortgage Loans being sold, the exercise of the Portfolio Purchase Option shall be conditional on the consent of the Legal Title Holder to hold legal title on behalf of the Portfolio Purchase Option Holder or its nominee.

***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 rates of interest payable by Borrowers under the Fixed Rate Loans and the rates of interest payable by the Issuer on the Floating Rate 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 Fixed Rate Swap Agreement to hedge against the variance between the rates of interest payable by Borrowers under the Variable Rate Loans and Discounted Variable Rate Loans and the rates of interest payable by the Issuer on the Notes.

On the Closing Date, an amount equal to the Party B Initial Exchange Amount (as defined in the Fixed Rate Swap Agreement) may be paid by the Issuer to the Fixed Rate Swap Provider.

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 Performing Balance of the Fixed Rate Loans for the Calculation Period ending immediately prior to the first day of the applicable Swap Calculation Period and the weighted average of the fixed rates of interest charges to Borrowers of Fixed Rate Loans during the Calculation Period ending immediately prior to the first day of such Swap Calculation Period (with each rate applicable to a Fixed Rate Loan weighted by reference to the proportion that the Performing Balance of such Fixed Rate Loan bears to the aggregate Performing Balance of all Fixed Rate Loans) as notified by the

Cash Manager on behalf of the Issuer in accordance with the provisions of the Cash Management Agreement and the number of days in respect of that Swap Calculation Period divided by 365; and

- (b) the Fixed Rate Swap Provider will pay to the Issuer an amount equal to the product of the aggregate Performing Balance of the Fixed Rate Loans in the Mortgage Portfolio for the Calculation Period ending immediately prior to the first day of the Swap Calculation Period (as notified to the Fixed Rate Swap Provider by the Cash Manager) and the Compounded Daily SONIA *plus* 0.70 per cent. and the number of days in the applicable Swap Calculation Period divided by 365.

#### ***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 (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 co-obligor or guarantor in respect of its obligations or taking such other action (which may include inaction) necessary so that the rating of the Notes that are rated (the "**Rated Notes**") following such action will be rated no lower than the Rated Notes would be rated but for the downgrade. A failure to take such steps will allow the Issuer to terminate the Fixed Rate Swap Agreement. For further detail please see "*Rating Triggers*" above.

#### ***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, service by the Trustee of an Enforcement Notice on the Issuer pursuant to Condition 13 (*Events of Default*);
- (c) if certain insolvency events with respect to the Fixed Rate Swap Provider 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 or the Issuer with another entity without an assumption by the entity created by such merger of the obligations of the Fixed Rate Swap Provider or the Issuer (as applicable) under the Fixed Rate Swap Agreement;
- (d) upon the occurrence of a Tax Event, Tax Event Upon Merger, Force Majeure or an Illegality (each as defined in the Fixed Rate Swap Agreement);
- (e) if irrevocable notice is given by the Issuer that a redemption of the Notes will occur pursuant to Condition 9.3 (*Optional Redemption pursuant to 10 per cent. clean-up call*), Condition 9.4 (*Optional Redemption in whole for taxation reasons*) or Condition 9.5 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*);
- (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*", at the option of the Issuer;
- (g) at the option of the Fixed Rate Swap Provider, if any provision of a Transaction Document is amended, modified, supplemented or waived, or any consent is given in respect of such an amendment, modification, supplement or waiver, in each case without the Fixed Rate Swap Provider's prior written consent (such consent not to be unreasonably withheld or delayed), and the effect (as determined by the Fixed Rate Swap Provider acting in good faith and in a commercially reasonable manner) of such amendment, modification, supplement, waiver or consent is to (i) affect the amount, timing or priority of any payments or deliveries due from the Issuer to the Fixed Rate

Swap Provider or from the Fixed Rate Swap Provider to the Issuer, (ii) alter the Fixed Rate Swap Provider's rights in relation to any security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such security) granted by the Issuer in favour of the Trustee on behalf of the Secured Creditors, (iii) alter the Fixed Rate Swap Provider's status as a Secured Creditor; or (iv) be materially prejudicial to the Fixed Rate Swap Provider in respect of its rights and obligations under the Transaction Documents;

- (h) at the option of the Fixed Rate Swap Provider, if the Issuer sells, transfers or otherwise disposes of the Mortgage Portfolio in whole;
- (i) if the Issuer delivers to the Trustee notice of cancellation of all Notes then outstanding (in whole but not in part) which have been repurchased by the Issuer pursuant to Condition 9.12 (*Cancellation of purchased or redeemed Notes*); and
- (j) if the Fixed Rate Swap Provider fails to post Eligible Credit Support (as defined in the Credit Support Annex) when required under the terms of the Credit Support Annex, unless (A) such failure to post Eligible Credit Support is caused by an error or omission of an administrative or operational nature, (B) resources were available to the Fixed Rate Swap Provider to enable it to make the relevant transfer when due, and (C) such relevant transfer is made as soon as reasonably practicable following discovery by the Fixed Rate Swap Provider of such error or omission.

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 on a loss basis, 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 the Fixed Rate Swap Provider being the defaulting party or pursuant to the Swap Provider Downgrade Event (in which case any termination payment due to the Fixed Rate Swap Provider will be a Fixed Rate 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 Priority) due on the Class A Notes to the extent not funded by collateral or replacement 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 relevant Swap Collateral Account(s) and recorded to the Swap Collateral Ledger, 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) and if satisfied from amounts standing to credit of the relevant Swap Collateral Account(s), any excess amount of the termination payment remaining will constitute Available Issuer Revenue. To the extent that the Issuer receives a Replacement Swap Premium, it shall apply such replacement premium first to make any termination payment due under the related terminated swap(s) without reference to the Pre-Enforcement Payments Priorities or the Post-Enforcement Payments Priority and any remainder will constitute Available Issuer 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 obliged to gross up payments made by them 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 will 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 in accordance with the Swap Collateral Account Payments Priority and without reference to the Pre-Enforcement Payments Priorities and the Post-Enforcement Payments Priority.

#### *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 shall use its reasonable efforts to enter into a Replacement Interest Rate Fixed Rate 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 Interest Rate Fixed Rate Swap Agreement. If a Replacement Swap Premium is payable by the replacement 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 Issuer 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(s) in order to make such payment and therefore may be unable to enter into a Replacement Interest Rate Fixed Rate Swap Agreement.

#### *Replacement in other circumstances*

The Fixed Rate Swap Provider has the right, at any time upon giving prior written notice to the Issuer and the Trustee, to transfer its rights and obligations with respect to the Fixed Rate Swap Agreement 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 immediately before such transfer; and (iii) no additional amounts (including any swap termination payment) will become payable by the Issuer to the Fixed Rate Swap Provider or the relevant transferee as a result of such transfer or novation.

### **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 and the Swap Collateral Account Payments Priority and without reference to the Pre-Enforcement Payments Priorities and the Post-Enforcement Payments Priority. The terms of the Credit Support Annex require the Fixed Rate Swap Provider to post collateral to the extent the Issuer has an exposure to the Fixed Rate Swap Provider prior to the occurrence of a Swap Provider Downgrade Event.

### Swap Collateral

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 relevant Swap Collateral Account(s) and recorded to the Swap Collateral Ledger. In addition, upon any early termination of the Fixed Rate Swap Agreement: (i) any Swap Tax Credits received by the Issuer; (ii) any Replacement Swap Premium received by the Issuer from a replacement Fixed Rate Swap Provider; and/or (iii) any termination payment received by the Issuer from the outgoing Fixed Rate Swap Provider will be credited to the Swap Collateral Account(s) and recorded to the Swap Collateral Ledger.

Pursuant to the terms of the Cash Management Agreement the Issuer will not apply amounts standing to the credit of the Swap Collateral Account(s) to make payments to the Secured Creditors generally, except to the extent that such amounts are required to be applied in accordance with the terms of the following payment priority, being the "**Swap Collateral Account Payments Priority**":

- (a) to pay an amount equal to any Swap Tax Credits received by the Issuer to the relevant Fixed Rate Swap Provider;
- (b) prior to the designation of an Early Termination Date (as defined in the Fixed Rate Swap Agreement, the "**Early Termination Date**") in respect of the Fixed Rate Swap Agreement, solely in or towards payment or discharge of any Return Amounts (as defined in the Credit Support Annex), Interest Amounts and Distributions (as defined in the Credit Support Annex), on any day, directly to the Fixed Rate Swap Provider;
- (c) following the designation of an Early Termination Date in respect of the Fixed Rate Swap Agreement where (A) such Early Termination Date has been designated following a Fixed Rate Swap Provider Default or Swap Provider Downgrade Event and (B) the Issuer enters into a Replacement Interest Rate Fixed Rate Swap Agreement in respect of the Fixed Rate Swap Agreement on or around the Early Termination Date of the Fixed Rate Swap Agreement, on the later of the day on which such Replacement Interest Rate Fixed Rate Swap Agreement is entered into, the day on which a termination payment (if any) payable to the Issuer has been received and the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:
  - (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement Fixed Rate Swap Provider in order to enter into a Replacement Interest Rate Fixed Rate Swap Agreement with the Issuer with respect to the Fixed Rate Swap Agreement being terminated;
  - (ii) *second*, in or towards payment of any termination payment and any interest thereon, if applicable, due to the outgoing Fixed Rate Swap Provider; and
  - (iii) *third*, the surplus (if any) on such day to be transferred to the Transaction Account to be applied as Available Issuer Revenue;
- (d) following the designation of an Early Termination Date in respect of the Fixed Rate Swap Agreement where: (A) such Early Termination Date has been designated otherwise than as a result of one of a Fixed Rate Swap Provider Default or Swap Provider Downgrade Event, and (B) the Issuer enters into a Replacement Interest Rate Fixed Rate Swap Agreement in respect of the Fixed Rate Swap Agreement on or around the Early Termination Date of the Fixed Rate Swap Agreement, on the later of the day on which such Replacement Interest Rate Fixed Rate Swap Agreement is entered into, the day on which a termination payment (if any) payable to the Issuer has been received and the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:
  - (i) *first*, in or towards payment of any termination payment due to the outgoing Fixed Rate Swap Provider;

- (ii) *second*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement Fixed Rate Swap Provider in order to enter into a Replacement Interest Rate Fixed Rate Swap Agreement with the Issuer with respect to the Fixed Rate Swap Agreement being terminated; and
  - (iii) *third*, any surplus on such day to be transferred to the Transaction Account to be applied as Available Issuer Revenue;
- (e) following the designation of an Early Termination Date in respect of the Fixed Rate Swap Agreement for any reason where the Issuer does not enter into a Replacement Interest Rate Fixed Rate Swap Agreement in respect of the Fixed Rate Swap Agreement on or around the Early Termination Date of the Fixed Rate Swap Agreement and, on the date on which the relevant payment is due, in or towards payment of any termination payment and any interest thereon, if applicable, due to the outgoing Fixed Rate Swap Provider; and
- (f) following payments of amounts due pursuant to (e) above, if amounts remain standing to the credit of a Swap Collateral Account, such amounts may be applied only in accordance with the following provisions:
- (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement Fixed Rate Swap Provider in order to enter into a Replacement Interest Rate Fixed Rate Swap Agreement with the Issuer with respect to the Fixed Rate Swap Agreement; and
  - (ii) *second*, any surplus remaining after payment of such Replacement Swap Premium to be transferred to the Transaction Account to be applied as Available Issuer Revenue,

**provided that** for so long as the Issuer does not enter into a Replacement Interest Rate Fixed Rate Swap Agreement with respect to the Fixed Rate Swap Agreement, on each Swap Payment Date, the Issuer (or the Cash Manager on its behalf) will be permitted to withdraw an amount from a Swap Collateral Account (which shall be debited to the Swap Collateral Ledger), equal to the excess of the Fixed Rate Swap Provider Swap Amount over the Issuer Swap Amount which would have been paid by the Fixed Rate Swap Provider to the Issuer on such Swap Payment Date but for the designation of an Early Termination Date under the Fixed Rate Swap Agreement, such surplus to be transferred to the Transaction Account to be applied as Available Issuer Revenue; and

**provided further that** for so long as the Issuer does not enter into a Replacement Interest Rate Fixed Rate Swap Agreement with respect to the Fixed Rate Swap Agreement on or prior to the earlier of:

- (A) the Calculation Date immediately before the Interest Payment Date on which the Principal Amount Outstanding of all Notes would be reduced to zero (taking into account any Swap Collateral Account Surplus to be applied as Available Issuer Revenue on such Interest Payment Date); or
- (B) the day on which an Enforcement Notice is given pursuant to Condition 13 (*Events of Default*) or Certificate Condition 12 (*Events of Default*); or
- (C) the date on which the Performing Balance of all Fixed Rate Loans is reduced to zero,

then the amount standing to the credit of such Swap Collateral Account on such day shall be transferred to the Transaction Account to be applied as Available Issuer Revenue as soon as reasonably practicable thereafter.

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### 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 Available Issuer Revenue and the Revenue Receipts, each as defined below. The Available Issuer Revenue will be applied in accordance with the Pre-Enforcement Revenue Payments Priorities on the following Interest Payment Date. Monies and securities standing to the credit of the relevant Swap Collateral Account will be applied in accordance with the Swap Collateral Account Payments Priority.

#### General Reserve Fund and General Reserve Ledger

On the Closing Date, the Issuer will establish the General Reserve Fund to provide credit enhancement and liquidity support for the Notes. The General Reserve Fund will be deposited in the Transaction Account.

After the Closing Date and prior to redemption in full of the Class A Notes, the General Reserve Fund will be replenished from Available Issuer Revenue (to the extent available) in accordance with the Pre-Enforcement Revenue Payments Priority on each Interest Payment Date, up to the General Reserve Fund Required Amount, in accordance with the provisions of the Pre-Enforcement Revenue Payments Priority.

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 Current Balances of all Mortgage Loans that are three or more months in arrears on such date is less than 3.00 per cent. of the total Current Balance of the Mortgage Portfolio on such date; and
- (d) the aggregate Principal Losses in respect of the Mortgage Portfolio are equal to less than 1.00 per cent. of the total Current Balance of the Mortgage Portfolio on the Closing Date,

(conditions (a) to (d) above being the "**General Reserve Release Conditions**"), an amount equal to the General Reserve Fund Release Amount will be applied as Available Issuer Revenue.

#### Application of General Reserve Fund to fund Revenue Shortfall

Prior to service of an Enforcement Notice or the exercise of an option under Condition 9 (*Application of General Reserve Fund to fund Revenue Shortfall*), amounts standing to the credit of the General Reserve Fund will be applied as Available Issuer 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 (after paying for higher-ranking items in the Pre-Enforcement Revenue Payments Priorities) in respect of any debit balance of the Class A Principal Deficiency Sub-Ledger 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 but prior to service of an Enforcement notice or the exercise of an option under Condition 9 (*Application of General Reserve Fund to fund Revenue Shortfall*), 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 General Reserve Fund Release Amounts and used as set out above, regardless of whether the General Reserve Release Conditions are satisfied.

Following delivery of an Enforcement Notice on the Issuer or as applicable following the exercise of an option under Condition 9 (*Application of General Reserve Fund to fund Revenue Shortfall*), all amounts

standing to the credit of the General Reserve Ledger will be applied in accordance with the Post-Enforcement Payment Priorities.

***Application of Available Issuer Principal to fund Remaining Revenue Shortfall***

Prior to service of an Enforcement Notice, amounts of Available Issuer Principal will be applied as Available Issuer Revenue on any Interest Payment Date to the extent required to make up any Remaining Revenue Shortfall on such Interest Payment Date.

If Available Issuer 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 relevant Principal Deficiency Ledger in the relevant Payments Priority set out above.

**Application of Available Issuer 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 Issuer 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:
  - (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agents and any fees, costs, charges, liabilities, expenses and all other amounts 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;
  - (ii) 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;
  - (iii) any remuneration then due and payable to the Account Bank and any 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 Account Bank under the provisions of the Account Bank Agreement, together with (if applicable) VAT thereon as provided therein;
  - (iv) any remuneration then due and payable to the Custodian and any 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 Custodian under the provisions of the Custody Agreement, together with (if applicable) VAT thereon as provided therein;
  - (v) any amounts then due and payable to the Mortgage Servicer and the Legal Title Holder and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Mortgage Servicer or the Legal Title Holder in the immediately succeeding Interest Period under the provisions of the Mortgage Servicing Agreement, together with VAT (if payable) thereon as provided therein;
  - (vi) any amounts then due and payable to the Back-Up Mortgage Servicer Facilitator and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Mortgage Servicer Facilitator in the immediately succeeding Interest Period



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under the provisions of the Mortgage Servicing Agreement, together with VAT (if payable) thereon as provided therein; and

- (vii) any remuneration then due and payable to the Cash Manager and any fees, costs, charges, liabilities, expenses and all other amounts 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;
- (c) *third*, 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;
- (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 (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under item (c) above);
- (e) *fifth*, in or towards payment of any amounts due to the Fixed Rate Swap Provider in respect of the Fixed Rate Swap Agreement (to the extent such amounts due cannot be satisfied by amounts available to be applied in accordance with the Swap Collateral Account Payments Priority other than any Swap Collateral Account Surplus) but excluding any Fixed Rate Swap Subordinated Amounts;
- (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 Issuer 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*, in or towards payment of any interest due and payable on the Class X Notes, Deferred Interest and Additional Interest relating thereto to the Principal Paying Agent;
- (j) *tenth*, in redeeming the Class X Notes, until the Principal Amount Outstanding thereof has been reduced to zero, such payment to be made to the Principal Paying Agent;
- (k) *eleventh*, 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 Issuer Principal on such Interest Payment Date);
- (l) *twelfth*, on and following the Step-Up Date, if the Notes are not redeemed in full in accordance with Condition 9.5 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*), to apply as Available Issuer Principal on such Interest Payment Date any Revenue Surplus up to the Revenue Surplus Required Amount;
- (m) *thirteenth*, 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;
- (n) *fourteenth*, in or towards payment in accordance with the terms of the Fixed Rate Swap Agreement, to the Fixed Rate Swap Provider, to the extent such amounts due cannot be satisfied by amounts available to be applied in accordance with the Swap Collateral Account Payments Priority other than any Swap Collateral Account Surplus, of any Fixed Rate Swap Subordinated Amounts;
- (o) *fifteenth*, to pay any excess amounts as a Certificate Payment to the holders of the Certificates.

**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 Issuer Principal to be applied in accordance with the Pre-Enforcement Principal Payments Priorities on the immediately succeeding Interest Payment Date.

**Application of Available Issuer 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 Issuer 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 Issuer 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*, 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
- (d) *fourth*, the excess (if any) to be applied as Available Issuer 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 monies standing to the credit of the Swap Collateral Account(s), 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 Issuer Amounts**".

**Post-Enforcement Payments Priority**

The Post-Enforcement Issuer Amounts will be applied or provided for in accordance with the following order of priority (the "**Post-Enforcement Payments Priority**") (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 or Receiver 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:
  - (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agents and any fees, costs, charges, liabilities and expenses then due 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;

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- (ii) 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;
  - (iii) any remuneration then due and payable to the Account Bank and any fees, costs, charges, liabilities, expenses and all other amounts 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 (if applicable) VAT thereon as provided therein;
  - (iv) any remuneration then due and payable to the Custodian and any 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 Custodian under the provisions of the Custody Agreement, together with (if applicable) VAT thereon as provided therein;
  - (v) any amounts due and payable to the Mortgage Servicer and the Legal Title Holder and any fees, costs, charges, liabilities and expenses then due and payable to the Mortgage Servicer and the Legal Title Holder under the provisions of the Mortgage Servicing Agreement, together with (if payable) VAT thereon as provided therein;
  - (vi) any amounts due and payable to the Back-Up Mortgage Servicer Facilitator and any fees, costs, charges, liabilities and expenses then due and payable to the Back-Up Mortgage Servicer Facilitator under the provisions of the Mortgage Servicing Agreement, together with (if payable) VAT thereon as provided therein; and
  - (vii) any remuneration then due and payable to the Cash Manager and any 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 Cash Manager under the provisions of the Cash Management Agreement, together with (if payable) VAT thereon as provided therein;
- (c) *third*, in or towards satisfaction of any amounts due to the Fixed Rate Swap Provider in respect of the Fixed Rate Swap Agreement including any termination payment due and payable by the Issuer (to the extent such amounts due cannot be satisfied by amounts available to be applied in accordance with the Swap Collateral Account Payments Priority other than any Swap Collateral Account Surplus) but excluding, where applicable, any Fixed Rate Swap Subordinated Amounts;
- (d) *fourth*, to pay 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;
- (e) *fifth*, to pay 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 interest due and payable on the Class X Notes, any Deferred Interest and any Additional Interest relating thereto, such payment to be made to the Principal Paying Agent;
- (g) *seventh*, to pay principal due and payable on the Class X Notes until the Principal Amount Outstanding on the Class X Notes has been reduced to zero, such payment to be made to the Principal Paying Agent;
- (h) *eighth*, to pay interest due and payable on the Class Z Notes, any Deferred Interest and any Additional Interest relating thereto, such payment to be made to the Principal Paying Agent;
- (i) *ninth*, to pay principal due and payable on the Class Z Notes until the Principal Amount Outstanding on the Class Z Notes has been reduced to zero, such payment to be made to the Principal Paying Agent;
- (j) *tenth*, to pay in accordance with the terms of the Fixed Rate Swap Agreement, to the extent such amounts due cannot be satisfied by amounts available to be applied in accordance with the Swap Collateral Account Payments Priority other than any Swap Collateral Account Surplus, Fixed Rate Swap Subordinated Amounts;

- (k) *eleventh*, in or towards payment of the Issuer Profit Amount and any corporation tax of the Issuer not otherwise able to be paid from amounts standing to the credit of the Issuer Profit Ledger;
- (l) *twelfth*, to pay, *pro rata* and *pari passu*, amounts due and payable to third parties (if any); and
- (m) *thirteenth*, to pay any excess amounts as Certificate Payments to the holders of the Certificates.

**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 recorded to the Swap Collateral Ledger and applied by the Cash Manager on the Issuer's behalf in accordance with the Swap Collateral Account Payments Priority **provided that** any excess of Replacement Swap Premium payable by the replacement swap provider to the Issuer, will after payment of any termination payment due under the Fixed Rate Swap Agreement be applied as Available Issuer Revenue.

**Estimations and Reconciliations**

The Mortgage Servicer shall deliver each Mortgage Servicer Report no later than seven Business Days prior to 21<sup>st</sup> of each calendar month or, if later, the first Business Day of the relevant calendar month to the Cash Manager, in each case with respect to the prior month.

In circumstances where the Mortgage Servicer Report or other relevant information is not provided to the Cash Manager, such that the Cash Manager cannot determine the Available Issuer Revenue and Available Issuer Principal in respect of any Mortgage Servicer Reporting 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 Mortgage Servicer Reporting 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 Mortgage Servicer Report is subsequently delivered in respect of any subsequent Mortgage Servicer Reporting Period and for the Mortgage Servicer Reporting 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 Mortgage 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 8.11 (*Determinations and Reconciliation*) and the Cash Management Agreement.

## DESCRIPTION OF THE NOTES IN GLOBAL FORM

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 set out in this Prospectus. 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, 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 and are intended upon issue to be deposited with a common safekeeper on behalf of one of the ICSDs. On 6 September 2012 the Governing Council of the European Central Bank announced that sterling denominated debt instruments issued and held in the euro area will be eligible collateral from 9 November 2012 until further notice. As such and subject to their inclusion on the European Central Bank's eligible assets list, the Global Notes are expected to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit options by the Eurosystem as at the Issue Date. Note that this does not necessarily mean, and no assurance is given by the Issuer, or the Lead Manager, that, should the Global Notes be recognised as eligible collateral, they will remain recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem during their entire life. Such recognition may cease upon the European Central Bank modifying the Eurosystem eligibility criteria.

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) Euroclear or 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 and, for so long as the rules of Euroclear or Clearstream, Luxembourg so permit integral multiples of £1,000 in excess thereof (a "**Minimum Denomination**"). 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 Lead Manager. 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 Lead Manager, the Agents 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 Certificates*" 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. **Prescription**

Claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by the Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the due date therefor.

#### 11. **Meetings**

Subject to the provisions of the Trust Deed, the holder of the Global Note shall be treated as a Noteholder for the purposes of constituting a quorum for the purposes of meeting the quorum requirements of a meeting of Noteholders.

#### 12. **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.

#### 13. **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 November 2074 (the "**Class A Notes**"), the £6,550,000 Class X Fixed Rate Notes due November 2074 (the "**Class X Notes**") and the £38,889,000 Class Z Mortgage Backed Floating Rate Notes due November 2074 (the "**Class Z Notes**") (together, the "**Notes**") will be issued by Lace Funding 2025-1 PLC (registered number 15912219) (the "**Issuer**") on or about the Closing Date.
- 1.2 The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement, and an incorporated terms memorandum (the "**Incorporated Terms Memorandum**") entered into by, among others, the Issuer and the Trustee on the Closing Date and the other Transaction Documents (as defined therein).
- 1.3 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.
- 1.4 The security for the Notes is created pursuant to, and on the terms set out in, the Deed of Charge.
- 1.5 The Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.
- 1.6 Certain provisions of these Conditions are summaries of the Trust Documents and the Agency Agreement and are subject to their detailed provisions.
- 1.7 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.
- 1.8 Copies of the Transaction Documents are available for inspection by Noteholders during normal business hours at the Specified Office of the Principal Paying Agent.

**2. Definitions**

**2.1 *Incorporation of Master Definitions Schedule***

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the master definitions schedule set out in the Incorporated Terms Memorandum available as described above.

**2.2 *Interpretation***

These Conditions shall be construed in accordance with the principles of construction set out in the Incorporated Terms Memorandum.

**3. Form and Denomination**

- 3.1 The Notes are in fully registered form and serially numbered in the Minimum Denomination for the Notes. Notes in registered form are issued without coupons attached. The expression "**Notes**" means and includes co-ownership under a permanent global note and the expression "**Noteholder**" shall mean and include any person entitled to co-ownership and benefit under a permanent global note.

- 3.2 The Principal Amount Outstanding of the Notes of each Class initially offered and sold outside the United States to non US Persons pursuant to Regulation S under the Securities Act is represented by one or more Global Notes without coupons attached.
- 3.3 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 to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things and no alternative clearing system satisfactory to the Trustee is available; or
  - (b) as a result of any amendment to, or change in, (A) 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 (B) in the interpretation or administration 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 the applicable Minimum Denomination for the Notes. 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 an amount equal to the applicable Minimum Denomination for the Notes 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 X 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 X Notes and the Class Z Notes, in accordance with the Pre-Enforcement Revenue Payments Priorities and the Post-Enforcement Payments Priority, and the Class X Notes will at all times rank in priority to payments of interest on the Class Z Notes.

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 Priority.

Payments of principal and interest on the Class X Notes are subordinated at all time to payments of interest on the Class A Notes and will rank at all times in priority to payments of interest on the Class Z Notes.

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 Issuer Revenue and an amount equal to the Available Issuer 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 Trustee (or the Cash Manager on its behalf) is required to apply the Post-Enforcement Issuer Amounts in accordance with the Post-Enforcement Payments Priority.

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 subject to the rest of this Condition 8 (*Interest*) and in accordance with the applicable Payments Priorities.

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 in respect of each Floating Rate Note:

- (a) the Note Rate for each of the relevant classes of Notes for the related Interest Period;
- (b) the Interest Amount for each of the relevant classes of Notes for the related Interest Period; and
- (c) the next Interest Payment Date following the related Interest Period,

and notify the Issuer, the Mortgage Servicer, the Cash Manager, the Trustee, the Registrar, the Fixed Rate Swap Provider and the Paying Agents and, for so long as the Notes are listed on the Stock Exchange, the Stock Exchange as soon as possible after their determination and in no event later than three Business Days prior to the immediately succeeding Interest Payment Date.

The Note Rate payable from time to time in respect of the Fixed Rate Notes in relation to any Interest Period will be 0.00 per cent per annum.

Notwithstanding any other provision of these Conditions, if in the Agent Bank's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 8, the Agent Bank shall promptly notify the Issuer thereof and the Issuer shall direct the Agent Bank in writing as to which alternative course of action to adopt. If the Agent Bank is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Agent Bank shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

8.6 ***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 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*).

8.7 ***Amendments to Publications***

The Note Rate, Interest Amount 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.

8.8 ***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*), by any Agent (in the absence of any manifest error) shall be binding on the Issuer and all Noteholders and (in the absence of any Breach of Duty) no liability to the Noteholders shall attach to the Agents 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*).

8.9 ***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 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.

8.10 *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, payment of such amount 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 (such amounts being "**Deferred Interest**").
- (b) Additional Interest shall accrue at the rate of interest applicable from time to time to such Notes. Payment of Additional Interest will, in the case of the Class X Notes and 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.

8.11 *Determinations and Reconciliation*

- (a) In the event that the Cash Manager does not receive a Mortgage Servicer Report with respect to a Calculation Period (the "**Determination Period**"), then the Cash Manager shall use the Mortgage Servicer Report in respect of the three most recent Mortgage Servicer Reporting Periods (or, where there are not at least three previous Mortgage Servicer Reports, all previous Mortgage Servicer Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in this Condition 8.11 (*Determinations and Reconciliation*). If the Cash Manager subsequently receives the Mortgage Servicer Report relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 8.11(c). Any: (i) calculations properly done on the basis of such previous Mortgage 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 8.11(b), 8.11(c) and/or 8.11(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 Mortgage Servicer Reports (or, where there are not at least three previous Mortgage Servicer Reports, all previous Mortgage Servicer Reports received in the preceding Mortgage Servicer Reporting Periods);
  - (ii) calculate the Revenue Receipts 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 Loans 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 Loans during such Determination Period.
- (c) Following any Determination Period, upon receipt by the Cash Manager of the Mortgage Servicer Reports in respect of such Determination Period, the Cash Manager shall

reconcile the calculations made in accordance with Condition 8.11(b) above to the actual collections set out in the Mortgage 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 of Available Issuer Revenue as Available Issuer Principal;
- (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 of Available Issuer Principal as Available Issuer Revenue;
- (d) if amounts of Available Issuer Revenue or Available Issuer 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 Issuer Revenue or Available Issuer Principal (as applicable) in accordance with Condition 8.11(c)(i) or 8.11(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 Issuer Revenue and Available Issuer 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 (and including) 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 Issuer 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 pursuant to 10 per cent. clean-up call***

The Issuer:

- (a) may, if the Portfolio Purchase Option Holder does not exercise its rights in respect of the Portfolio Purchase Option within 90 days of the date on which the Principal Amount Outstanding of all of the outstanding Notes is less than 10 per cent. of the Principal Amount Outstanding of all of the Notes as at the Closing Date; or
- (b) shall, on the Portfolio Purchase Option Completion Date, use the Portfolio Purchase Option Purchase Price received from the Portfolio Purchase Option Holder to,

in each case, redeem all (but not some only) of the Notes in each Class at their Principal Amount Outstanding together with accrued unpaid interest up to but excluding the date of redemption on any Interest Payment Date when, on the related Calculation Date, the aggregate of the Principal Amount Outstanding of all of the outstanding Notes is less than 10 per cent. of the Principal Amount Outstanding of all of the Notes as at the Closing Date and **provided that**:

- (i) no Enforcement Notice has been delivered by the Trustee;

- (ii) the Issuer has given not more than 60 nor less than 14 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 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 Post-Enforcement Payments Priorities.

The Issuer shall, upon it becoming aware of the same, notify the Portfolio Purchase Option Holder where the outstanding Principal Amount Outstanding of the Notes is less than 10 per cent. of the Principal Amount Outstanding of all the Notes as at the Closing Date.

9.4 ***Optional Redemption in whole for taxation reasons***

The Issuer,

- (a) may, if the Portfolio Purchase Option Holder does not exercise its rights in respect of the Portfolio Purchase Option within 90 days of the occurrence of any of the circumstances set out in limbs (i) or (ii) below, or
- (b) shall, on the Portfolio Purchase Option Completion Date, use the Portfolio Purchase Option Purchase Price received from the Portfolio Purchase Option Holder to,

in each case, redeem all (but not some only) of the Notes in each Class at their Principal Amount Outstanding together with accrued interest up to but excluding the date of redemption on any Interest Payment Date if:

- (i) after the date on which by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Notes) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax the Issuer; or
- (ii) after the date on which by reason of a change in law (or the application of official interpretation thereof), which change becomes effective on or after the Closing Date, the Issuer would be subject to United Kingdom corporation tax in respect of an accounting period on an amount materially exceeds the aggregate Issuer Profit Amount retained during that accounting period; or
- (iii) after the date on which by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any of the Notes,

**provided that** the Issuer shall notify the Portfolio Purchase Option Holder following the Issuer becoming aware of the circumstances in (i) or (ii), above and the Issuer or the Portfolio Purchase Option Holder satisfies the Trustee that one or more of the events described above is continuing and that the appointment of a Paying Agent in another jurisdiction and substitution of a company incorporated and tax resident in another jurisdiction as principal debtor under the Notes would not avoid the effect of the relevant event, or that having used its reasonable endeavours, the Issuer is unable to arrange such substitution or appointment, **provided further that** if the Issuer has arranged for such substitution the Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the holders of the



Notes and the conditions for any such substitution of the Issuer as provided in the Trust Deed are complied with (and in making such determination, the Trustee may rely, without further investigation or enquiry, on any confirmation from the Rating Agencies that the then current ratings of the Notes would not be adversely affected by such substitution):

- (A) no Enforcement Notice has been delivered by the Trustee prior to such Interest Payment Date;
- (B) 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
- (C) prior to giving any such notice, the Issuer has provided to the Trustee:
  - (1) 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 or the official interpretation of Tax law) and confirming that the circumstance set out in either paragraph (a) or (b) above is applicable; and
  - (2) if relevant, a certificate signed by the Issuer or, as the case may be, the Fixed Rate Swap Provider, to the effect that the obligation to make a Tax Deduction cannot be avoided; and
- (D) 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 Post-Enforcement Payments Priorities.

**9.5 *Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option***

- (a) On the Portfolio Purchase Option Completion Date, the Issuer shall use the Portfolio Purchase Option Purchase Price received from the Portfolio Purchase Option Holder to redeem all (but not some only) of the Notes in each Class at their Principal Amount Outstanding together with accrued unpaid interest up to but excluding the date of redemption in accordance with the Post-Enforcement Payments Priority with the result that the Notes will be redeemed in full in accordance with this Condition 9.5 on such date. The Issuer shall give not more than 60 days' nor fewer than 5 Business Days' notice of any such redemption of the Notes to the Noteholders in accordance with Condition 22 (*Notices*) and the Trustee.
- (b) Any Note redeemed pursuant to Condition 9.5(a) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to but excluding the Interest Payment Date on which the redemption occurred.

**9.6 *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 9.6(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, the Agents and, for so long as the Notes are listed on the Stock Exchange, the Stock Exchange thereof in accordance with Condition 9.9 (*Notice of Calculation*).

9.7 ***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 manifest error) be final and binding on all persons.

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 pursuant to 10 per cent. clean-up call*), Condition 9.4 (*Optional Redemption in whole for taxation reasons*) and Condition 9.5 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*) 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, the Agents and, for so long as the Notes are listed on the Stock Exchange, the Stock Exchange 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 pursuant to 10 per cent. clean-up call*) or Condition 9.4 (*Optional Redemption 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**

10.1 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 Issuer Principal, Available Issuer Revenue or as Post-Enforcement Issuer 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 (*Limited Recourse*), "**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 Trustee nor any of the Agents 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 Principal 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 US 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:* the Issuer fails to pay any principal due on the Most Senior Class within 7 calendar days following the due date for payment of such principal to the Paying Agent (as applicable);
- (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 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; or
- (b) so directed by an Extraordinary Resolution of the holders of the Most Senior Class.
- 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*) (with consequential amendments as necessary) except that the Note Rate need not be published.
14. **Enforcement**
- 14.1 ***Proceedings***: At any time after the delivery of an Enforcement Notice the Trustee may, 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 Priority; 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 reasonable 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 Priority 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.

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**" for convening separate or combined meetings of Noteholders and/or the Certificateholders 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/or the Certificateholders) 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 or the Certificates shall be transacted at a separate meeting of the Noteholders of that class or Certificateholders;
- (b) an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class of Notes or Certificates 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 or the holders of the Certificates (if applicable) shall be transacted either at separate meetings of the Noteholders and/or Certificateholders of each relevant class or at a single meeting of the Noteholders of all such classes of Notes and the Certificateholders 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 of Notes or the Certificates and gives rise to any actual or potential conflict of interest between the Noteholders of one class of Notes or the Certificates and

the Noteholders of any other class of Notes or the Certificates 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 prefunded and/or secured 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 Ordinary Resolution relating to a meeting of a particular class or classes of the Notes will be one or more persons holding or representing in aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding, or, at any adjourned meeting, one or more persons holding or representing not less than 10 per cent. of the aggregate Principal Amount Outstanding of the outstanding Notes so held or represented by such persons
- (b) 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 not less than 50 per cent of the aggregate Principal Amount Outstanding of the outstanding Notes in that class or those classes or, at any adjourned meeting, one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the outstanding Notes so held or represented by such persons; and
- (c) 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 in the relevant class or, at any adjourned meeting, one or more persons holding or representing not less than in aggregate 50 per cent. of the Principal Amount Outstanding of the outstanding Notes in the relevant class.

16.5 ***Relationship between Classes:***

In relation to each class of Notes and the Certificates:

- (a) no Extraordinary Resolution involving a Reserved Matter that is passed by the holders of one class of Notes or the Certificates shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes (to the extent that there are outstanding Notes in such other classes) and the Certificates;
- (b) no Extraordinary Resolution to approve any matter other than a Reserved Matter of any class of Notes or Certificates shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes or Certificates ranking senior to such class (to the extent that there are outstanding Notes ranking senior to such class) unless the Trustee considers that the interests of the holders of each of the other classes of Notes and the Certificates ranking senior to such class 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 or Certificates duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such class and the Certificateholders, 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 Most Senior Class duly convened and held as aforesaid shall also be binding upon the holders of all the other classes and of Notes and Certificates and will override any resolution to the contrary of the other classes of Notes and Certificates.

16.6 ***Resolutions in writing***

A Written Resolution and/or an Electronic Consent 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, Certificateholders or any other Secured Creditors, concur with the Issuer and any other relevant parties in making:

- (a) any modification to these Conditions, the Certificate Conditions, the Trust Documents, the Notes, the Certificates 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 Certificate Conditions, the Trust Documents, the Notes, the Certificates 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, the Certificateholders 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, the Certificate 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 17.2(a)(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);
- (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
  - (3) 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 any obligation which applies to it under UK EMIR and/or EU EMIR (as 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 the UK Securitisation Framework, including as a result of the adoption of regulatory technical standards in relation to the UK Securitisation Framework or any other risk retention legislation 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;
- (d) for the purpose of complying with any changes in the requirements of the EU Securitisation Regulation, including as a result of the adoption of regulatory technical standards in relation to the EU Securitisation Regulation or any other risk retention legislation 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;
- (e) for the purposes of enabling the Notes to remain listed on the 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;
- (f) for the purposes of enabling the Issuer or any of the other Transaction Parties to comply with FATCA, **provided that** the Issuer or the relevant Transaction Party, as applicable, certifies to the 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 complying with any changes in the requirements of the UK CRA Regulation after the Closing Date, including as a result of the adoption of regulatory

technical standards in relation to the UK CRA Regulation and the Commission Delegated Regulation 2015/3 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA (including, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), as amended from time to time (the "**UK CRA3 Requirements**"), including any requirements imposed by the UK Securitisation Framework and/or any other new 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;

(h) for the purpose of changing the SONIA Reference Rate or the base rate that then applies in respect of the applicable Notes and/or any consequential amendments to any related Fixed Rate 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, an "**Alternative Base Rate**") and make such other related or consequential amendments as are necessary or advisable in the reasonable judgment of the Issuer (or the Mortgage Servicer on its behalf) to facilitate such change (a "**Base Rate Modification**"), **provided that**, in relation to any amendment under this Condition 17.2(h):

(i) 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 any one or more of the following:

- (1) an alternative manner of calculating a SONIA-based base rate is introduced and becomes a standard means of calculating interest for similar transactions;
- (2) a material disruption to SONIA, or any other relevant interest rate benchmark applicable to the Notes, an adverse change in the methodology of calculating SONIA or any other relevant interest rate benchmark or SONIA or any other relevant interest rate benchmark ceasing to exist or be published;
- (3) the insolvency or cessation of business of the SONIA administrator or the administrator of any other relevant interest rate benchmark applicable to the Notes (in circumstances where no successor SONIA administrator (or administrator of any other relevant interest rate benchmark applicable to the Notes) has been appointed);
- (4) a public statement by the SONIA administrator or administrator of any other relevant interest rate benchmark applicable to the Notes that it will cease publishing SONIA (or any other relevant interest rate benchmark applicable to the Notes) permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such interest rate benchmark);
- (5) a public statement by the supervisor of the SONIA administrator or the administrator of any other relevant interest rate benchmark applicable to the Notes that SONIA or any other relevant interest rate benchmark applicable to the Notes has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
- (6) a public announcement by the supervisor of the SONIA administrator or the administrator of any other relevant interest rate benchmark applicable to the Notes of the permanent or indefinite discontinuation of the SONIA Reference Rate or base rate that applies to the Notes;

- (7) a public statement by the supervisor of the SONIA administrator or the administrator of any other relevant interest rate benchmark applicable to the Notes that means SONIA or any other relevant interest rate benchmark applicable to the Notes may no longer be used or that its use is subject to restrictions or adverse consequences; or
- (8) the reasonable expectation of the Issuer (or the Seller on its behalf) that any of the events specified in sub-paragraphs (1) to (7) 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 any one or more of the following:

- (1) a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the EU 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) SONIA (or any rate which is derived from, based upon or otherwise similar to the foregoing);
- (3) a base rate utilised in a material number of publicly-listed new issues of Sterling-denominated asset backed floating rate notes prior to the effective date of such Base Rate Modification;
- (4) a base rate utilised in a publicly-listed new issue of Sterling-denominated asset backed floating rate notes where the originator of the relevant assets is NBS or an affiliate thereof; or
- (5) such other base rate as the Issuer reasonably determines,

and in each case, the change to the Alternative Base Rate will not, in the Issuer's or the Seller's (acting on behalf of the Issuer) opinion, be materially prejudicial to the interests of the Noteholders,

and, for the avoidance of doubt, the Issuer (or the Seller on its behalf) may propose an Alternative Base Rate on more than one occasion **provided that** the conditions set out in this Condition 17.2(h)(i) are satisfied; and 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;

- (i) 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 Mortgage Servicer on its behalf) and the Fixed Rate Swap Provider 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 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**"); or
- (j) in order to allow the Issuer to open additional accounts with an additional account bank or to move the Issuer Accounts to be held with an alternative account bank with the required ratings, provided that the Issuer has certified to the Trustee (upon which certification the Trustee shall be entitled to rely absolutely and without liability) that (i) such action would

not have an adverse effect on the then current ratings of the Class A Notes, and (ii) if a new account bank agreement is entered into, such agreement will be entered into on substantially the same terms as the Account Bank Agreement **provided further** that if the Issuer determines that it is not practicable to agree terms substantially similar to those set out in the Account Bank Agreement with such replacement financial institution or institutions and the Issuer certifies in writing to the Trustee that the terms upon which it is proposed the replacement bank or financial institution will be appointed are reasonable commercial terms taking into account the then prevailing current market conditions, whereupon a replacement agreement will be entered into on such reasonable commercial terms and the Trustee shall be entitled to rely absolutely on such certification without any liability to any person for so doing (notwithstanding that the fee payable to the replacement account bank may be higher or other terms may differ materially from those on which the previously appointed bank or financial institution agreed to act).

(the certificate to be provided by the Issuer, the Fixed Rate Swap Provider or the relevant Transaction Party, as the case may be, pursuant to paragraphs (a) to (j) above being a "**Modification Certificate**"), **provided that**, in each case in respect of each of Condition 17.2(a) to (j) (inclusive) above:

- (i) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Trustee;
  - (ii) the Trustee shall be entitled to rely on any Modification Certificate absolutely and without enquiry or liability;
  - (iii) 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;
  - (iv) the consent of each Transaction Party which is party to the relevant Transaction Document has been obtained (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document); and
  - (v) the Trustee is satisfied that it has been or will be reimbursed for all costs, fees and expenses (including properly incurred legal fees) incurred by it in connection with such modification;
- (k) other than in the case of a modification pursuant to Condition 17.2(a)(ii), either:
- (i) 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 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
  - (ii) 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
- (l) the Issuer certifies (upon which certification the Trustee shall be entitled to rely absolutely and without further enquiry or liability) in writing to the Trustee (which certification may be in the Modification Certificate) that:
- (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 may publish on Bloomberg on the "Company News" screen relating to the Notes; and

- (ii) the Issuer 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 outstanding within such notification period notifying the Issuer that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 8 (*Meetings of Noteholders*).

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*) (save to the extent the Trustee considers that the proposed modification would constitute a Reserved Matter), the Trustee shall not consider the interests of the Noteholders, the Certificateholders, 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 Certificateholders 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 absolute 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, the Certificates or any other of the Transaction Documents by any party thereto; 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, the Certificates or any of the other Transaction Documents,

in each case, without any consent or sanction of the Noteholders, Certificateholders 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 affect any authorisation, waiver or determination previously given or made.

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, the Certificateholders and the other Secured Creditors in accordance with the Notices Condition and the Transaction Documents, and, while any Notes which are rated remain outstanding, 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*) or Condition 17.3 (*Waiver*) shall be binding on the Noteholders and the other Secured Creditors.

17.7 ***Limitation on Noteholders and Certificateholders***

In respect of any Ordinary Resolution or Extraordinary Resolution of a Class or Classes of Noteholders and/ or Certificateholders relating to any amendment, waiver, modification, supplement or consent in respect of any of the Transaction Documents which would have the effect:

- (i) of affecting the amount, timing or priority of any payments or deliveries due from the Issuer to the Fixed Rate Swap Provider or from the Fixed Rate Swap Provider to the Issuer;
- (ii) of altering the Fixed Rate Swap Provider's rights in relation to any security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such security) granted by the Issuer in favour of the Trustee on behalf of the Secured Creditors;
- (iii) of altering the Fixed Rate Swap Provider's status as a Secured Creditor; or
- (iv) of being materially prejudicial to the Fixed Rate Swap Provider in respect of its rights and obligations under the Transaction Documents,

(x) the prior written consent of the Fixed Rate Swap Provider (such consent not to be unreasonably withheld or delayed), or (y) written notification from the Issuer to the Trustee (as determined by the Issuer in accordance with the Transaction Documents) (upon which the Trustee shall be entitled to rely absolutely and without enquiry), that none of the foregoing limbs applies, is required prior to such amendment, waiver, modification, supplement or consent being made or given.

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 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 Mortgage 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 or agent bank and additional or successor paying agents, registrars or agent banks 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 ***Substitution for tax reasons***

If the Issuer (or any previous substitute):

- (a) would be required to make a Tax Deduction in respect of any payments made on the Notes; or
- (b) by virtue of a change in the tax law of the Issuer's Jurisdiction (or the application or official interpretation thereof) would be subject to tax on an amount in excess of the Issuer Profit Amount,

then the Issuer shall use all reasonable endeavours to procure the substitution of the Issuer (or any previous substitute) as principal debtor under the Trust Documents, the Notes, the Certificates and any other secured obligations upon the same terms and in the same form as are set out in the Trust Deed of a company approved by the Trustee incorporated and tax resident in another jurisdiction, subject to and in accordance with the Conditions.

21.3 ***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 while any Notes which are rated remain outstanding, to the Rating Agencies.

21.4 ***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.

21.5 ***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) 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



(b) published on the Relevant Screen Page or on the Stock Exchange.

22.2 ***Date of publication:*** Any notice so sent or published shall be deemed to have been given on the date on which it was so sent or, as the case may be, on the date of such publication or, if delivered or 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 the Relevant Screen Page or 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 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.

## DESCRIPTION OF THE CERTIFICATES IN GLOBAL FORM

The Global Certificates contain provisions which apply to the Certificates while they are in global form, some of which modify the effect of the terms and conditions of the Certificates set out in this Prospectus. The following is a summary of certain of those provisions:

1. **Form**

The Certificates will be issued in fully registered form and will be represented, on issue, by a Global Certificate.

The Certificates are not issuable in bearer form.

2. **Amount**

The Certificates bear a right to receive payments of excess amounts in accordance with the Payments Priorities.

The amount of the Global Certificates shall be the aggregate amount from time to time entered in the Register kept by the Registrar. The Register shall be conclusive evidence of the amount of Certificates represented by the Global Certificates. Each person other than a relevant Clearing System who is for the time being shown in the records of any of the relevant Clearing Systems, as the holder of a particular nominal amount of Certificates represented by the Global Certificate (in which regard any certificate or other document issued by any of the relevant Clearing Systems, as to the nominal amount of Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and any paying agent as the holder of such amount of Certificates for all purposes.

The Global Certificates 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 Certificates are intended to be held in a manner which will allow Eurosystem eligibility. This simply means that the Certificates are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Certificates will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

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 Certificates**

Holders of Book-Entry Interests in the Global Certificates will be entitled to receive certificates evidencing definitive certificates in registered form ("**Definitive Certificates**") in exchange for their respective holdings of Book-Entry Interests if:

- (a) Euroclear or Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease to do business or to cease to make book-entry systems available for settlement of beneficial interests in such global Certificates and do in fact do either of those things and no alternative clearing system satisfactory to the Trustee is available; or
- (b) as a result of any amendment to, or change in (A) the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or (B) the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Certificates which would not

## DESCRIPTION OF THE CERTIFICATES IN GLOBAL FORM

be required were the Certificates in definitive registered form and a certificate to such effect signed by an authorised director of the Issuer is delivered to the Trustee.

In order to receive a Definitive Certificate a person having an interest in a Global Certificate 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 Certificates.

Any Definitive Certificates issued in exchange for Book-Entry Interests in a Global Certificate 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 Certificates issued in exchange for Book-Entry Interests in a Global Certificate, as the case may be, will not be entitled to exchange such Definitive Certificate, for Book-Entry Interests in a Global Certificate. Any Certificates issued in definitive form will be issued in registered form only and will be subject to the provisions set forth under Certificate Condition 4 (*Title and transfer*) provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Certificate.

#### 4. **Payments**

Excess amounts calculated in accordance with the Payments Priorities will be paid to the holders of the Certificates represented by a Global Certificate on a *pro rata* basis.

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.

The Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant Clearing System. 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 Certificate, Certificate Condition 10.5 (*Payments on business days*) shall not apply, and all such payments shall be made on a day which is a business day (as defined in Certificate Condition 10.5 (*Payments on business days*)).

#### 5. **Book-Entry Interests**

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 Lead Manager. 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).

## DESCRIPTION OF THE CERTIFICATES IN GLOBAL FORM

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 Certificateholders for the purposes of making payments to the Certificateholders. The record date, in respect of the Certificates 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 Certificates 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 Lead Manager, the Agents 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 Certificates underlying the Book-Entry Interests, the nominee of the Common Safekeeper will be considered the sole Certificateholder of the relevant Global Certificate for all purposes under the Trust Deed and the Agency Agreement. Except as set forth under "*Issuance of Definitive Certificates*" above, Participants or Indirect Participants will not be entitled to have Certificates registered in their names, will not receive or be entitled to receive physical delivery of Certificates 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 Certificates 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 Certificates, 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 Certificateholders. 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 Certificates, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg, as the case may be, unless and until Definitive Certificates 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 Certificates are exchanged for Definitive Certificates, the Global Certificates 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 Certificate will hold Book-Entry Interests in the respective Global Certificates relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Certificate 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 Certificate, 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**

All transfers of Certificate Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants (see the section above entitled "*Book-Entry Interests*"). Beneficial interests in the Global Certificate may be held only through Euroclear or Clearstream, Luxembourg.

7. **Action in Respect of the Global Certificate and the Book-Entry Interests**

Not later than 10 days after receipt by the Issuer of any notice in respect of the Global Certificate or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Certificate, 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 Certificate Book-Entry Interests or the Global Certificate and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Certificate Book-Entry Interests or the Global Certificate in accordance with any instructions set out in such request. Euroclear and Clearstream, Luxembourg are expected to follow the procedures described under the section above entitled "*Book-Entry Interests*", with respect to soliciting instructions from their respective Participants.

8. **Trading between Clearing System participants**

Secondary market sales of Book-Entry Interests in the Certificates held through Euroclear or Clearstream, Luxembourg to purchasers of Book-Entry Interests in the Certificates 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 Certificates are in global form and held on behalf of a relevant Clearing System, notices to Certificateholders 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 Certificate Conditions.

10. **Meetings**

Subject to the provisions of the Trust Deed, the holder of the Global Certificate in respect of the Certificates shall be treated as two Certificateholders for the purposes of constituting a quorum for the purposes of meeting the quorum requirements of a meeting of Certificateholders.

11. **Purchase and Cancellation**

On cancellation of any Certificate 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 Certificates recorded in the records of the relevant Clearing Systems and represented by this Global Certificate shall be reduced by the aggregate nominal amount of the Certificates so cancelled.

12. **Trustee's Powers**

In considering the interests of Certificateholders while the Global Certificates are held on behalf of a relevant Clearing System, the Trustee may have regard to any information provided to it by

## DESCRIPTION OF THE CERTIFICATES IN GLOBAL FORM

such relevant Clearing System or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Certificates and may consider such interests as if such accountholders were the holder of the Global Certificates.

**TERMS AND CONDITIONS OF THE CERTIFICATES**

*The following are the terms and conditions of the Certificates in the form in which they will be set out in the Trust Deed (subject to completion and amendment). If the Certificates were to be represented by Definitive Certificates, the Certificate Conditions set out on the reverse of each of such Definitive Certificates would be as follows. While the Certificates are represented by Global Certificates, 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 Certificates. 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 One hundred Certificates will be issued by Lace Funding 2025-1 PLC (registered number 15912219) (the "**Issuer**") on or about the Closing Date.
- 1.2 The statements in these Certificate Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement, and an incorporated terms memorandum (the "**Incorporated Terms Memorandum**") entered into by, among others, the Issuer and the Trustee on the Closing Date and the other Transaction Documents (as defined therein).
- 1.3 The Issuer has agreed to issue the Certificates subject to and with the benefit of the terms of the Trust Documents and the Agency Agreement.
- 1.4 The security for the Certificates is created pursuant to, and on the terms set out in, the Deed of Charge.
- 1.5 The Agency Agreement records certain arrangements in relation to the payment of amounts in respect of the Certificates.
- 1.6 Certain provisions of these Certificate Conditions are summaries of the Trust Documents and the Agency Agreement and are subject to their detailed provisions.
- 1.7 The Certificateholders are bound by the terms of the Trust Documents and are deemed to have notice of all of the provisions of the Transaction Documents.
- 1.8 Copies of the Transaction Documents are available for inspection by the Certificateholders during normal business hours at the Specified Office of the Principal Paying Agent.

**2. Definitions**

**2.1 *Incorporation of Master Definitions Schedule***

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the master definitions schedule set out in the Incorporated Terms Memorandum available as described above.

**2.2 *Interpretation***

These Certificate Conditions shall be construed in accordance with the principles of construction set out in the Incorporated Terms Memorandum.

**3. Form and Denomination**

- 3.1 The Certificates are in fully registered form. Notes in registered form are issued without coupons attached. The expression "**Certificates**" means and includes co-ownership under a permanent global certificate and the expression "**Certificateholder**" shall mean and include any person entitled to co-ownership and benefit under a permanent global certificate.

## TERMS AND CONDITIONS OF THE CERTIFICATES

- 3.2 A Global Certificate will be exchanged for the relevant Certificate in definitive registered form (such exchanged Global Certificate in definitive registered form, (the "**Definitive Certificates**") only if either of the following applies:
- (a) in the case of a Global Certificate 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 to cease to make book entry systems available for settlement of beneficial interests in such Global Certificates and do in fact do either of those things 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 or administration 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 Certificates which would not be required if the Certificates 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 Certificates to Certificateholders whose accounts with the relevant clearing systems are credited with interests in that Global Certificates in exchange for those interests within 30 calendar days of the relevant event but not earlier than the Exchange Date. The Global Certificate will not be exchangeable for Definitive Certificates in any other circumstances.

#### 4. **Title and transfer**

- 4.1 The person registered in the Register as the holder of any Certificate 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 Certificate 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 Certificate.
- 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 Certificate and the particulars of the Certificate held by them and of all transfers and redemptions of the Certificate.
- 4.3 No transfer of a Certificate will be valid unless and until entered on the Register.
- 4.4 Transfers and exchanges of beneficial interests in the Global Certificates and any Definitive Certificates and any entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Certificates, the detailed regulations concerning transfers of such Certificates contained in the Agency Agreement, the Trust Deed and the legend appearing on the face of the Certificates. In no event will the transfer of a beneficial interest in a Global Certificate or the transfer of a Definitive Certificate 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 Certificate 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 Certificate may be transferred in whole or in part upon the surrender of the relevant Definitive Certificate, 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 Certificate, new Definitive Certificates 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.



- 4.6 Each new Definitive Certificate to be issued upon a transfer of Definitive Certificates 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 Certificates to such address as may be specified in such request.
- 4.7 Registration of Definitive Certificates 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 Certificate may require the transfer of such Certificate to be registered during the period of 15 days ending on the due date for any payment on such Certificate.

5. **Status and Ranking**

5.1 ***Status***

The Certificates constitute direct, secured, limited recourse and unconditional obligations of the Issuer and represent the Issuer's obligation to pay deferred consideration for its purchase of the Mortgage Portfolio, consisting of the Certificate Payments.

5.2 ***Ranking***

The Certificates will at all times rank without preference or priority *pari passu* amongst themselves.

5.3 ***Sole Obligations***

The Certificates are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other Transaction Parties.

5.4 ***Payments Priorities***

Certificate Payments will be made subject to and in accordance with the Pre-Enforcement Revenue Payments Priority, Pre-Enforcement Principal Payments Priority and Post-Enforcement Payments Priority.

6. **Security**

6.1 ***Security***

The Certificates 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 Certificate Condition 12 (*Events of Default*) and subject to the matters referred to in Certificate Condition 13 (*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 Certificate remains outstanding, the Issuer will comply with the Issuer Covenants.

8. **Certificate Payments**

8.1 ***Right to Certificate Payments***

Each Certificate represents a *pro rata* entitlement to receive Certificate Payments, by way of deferred consideration for the purchase by the Issuer of the Mortgage Portfolio.

8.2 ***Payments***

A Certificate Payment may be payable in respect of the Certificates on each Interest Payment Date and in accordance with the applicable Payments Priorities.

8.3 ***Determination of Certificate Payment***

The Cash Manager shall on each Interest Determination Date, determine the Certificate Payment payable on the immediately following Interest Payment Date.

8.4 ***Publication of Certificate Payment***

As soon as practicable after receiving notification of the Certificate Payment and the Interest Payment Date in accordance with Certificate Condition 8.3 (*Determination of Certificate Payment*) and in any event no later than the second Business Day thereafter, the Issuer will cause the Certificate Payment for Certificates and the next following Interest Payment Date to be published in accordance with Certificate Condition 21 (*Notices*).

8.5 ***Amendments to Publications***

The Certificate Payment for the Certificate 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.

8.6 ***Notifications to be final***

All notifications, opinions, determinations, certificates, calculations and decisions given, expressed, made or obtained for the purposes of this Certificate Condition 8 (*Certificate Payments*), by any Agent or the Cash Manager (in the absence of any manifest error) shall be binding on the Issuer and all Certificateholders and (in the absence of any Breach of Duty) no liability to the Certificateholders shall attach to any of Agents or the Cash Manager in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Certificate Condition 8 (*Certificate Payments*).

8.7 ***Agents***

The Issuer shall ensure that, so long as any of the Certificates remain in issue, there shall at all times be a Registrar, an Agent Bank, 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 Certificateholders in accordance with the Certificates Notices Condition.

9. **Limited Recourse**

9.1 If at any time following:

- (a) the occurrence of either:
  - (i) the Final Maturity Date or any earlier date upon which all of the Certificates 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 Certificates 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 Issuer Principal, Available Issuer Revenue or as Post-Enforcement Issuer Amounts (as applicable), to pay in full all claims ranking in priority to the Certificates and all amounts then due and payable under the Certificates then the amount remaining to be paid (after such application in full of the amounts first referred to in 10.1(b) above) under such Certificates shall, on the day following such application in full of the amounts referred to in 10.1(b) above, cease to be due and payable by the Issuer.

For the purposes of this Certificate Condition 9, "**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.

10. **Payments**

10.1 ***Certificate Payments***

Payments of amounts under the Certificates shall be made by cheque drawn in Sterling or, upon application by a Certificateholder 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 Certificate at the Specified Office of any Paying Agent in accordance with the terms of the Agency Agreement.

10.2 ***Cheques***

Cheques sent to the nominated address of a Certificateholder will be taken to have been received by the Certificateholder on the relevant payment date and no further amount will be payable by the Issuer in respect of the Certificates as a result of the Certificateholder not receiving payment on the due date.

10.3 ***Record date***

Each payment in respect of a Certificate will be made to the person shown as the Certificateholder 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 Certificate shall be the only person entitled to receive payments in respect of Certificates represented by such Certificate 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.

10.4 ***Payments subject to fiscal laws***

All payments in respect of the Certificates are subject to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Certificateholders in respect of such payments. Neither the Issuer, the Trustee, nor the Agents shall be liable to any Certificateholder or any other person for any commissions, costs, losses or expenses in relation to or resulting from such payments.

10.5 ***Payments on Business Days***

If the due date for payment of any amount in respect of any Certificate 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 Certificate as a result.

10.6 ***Payments to Certificateholders:***

Certificate Payments may be payable in respect of the Certificates on each Interest Payment Date, other than an Interest Payment Date falling within a Determination Period and each date on which amounts are to be applied in accordance with the Post-Enforcement Payments Priority. The Cash Manager shall on each Calculation Date determine the Certificate Payment in respect of each Certificate on such Interest Payment Date.

10.7 ***Publication of Certificate Payment***

The Agent Bank shall cause the Certificate Payment (if any) for each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Trustee, the Registrar and the Paying Agents (as applicable) and to any stock exchange or other relevant authority on which the Certificates are at the relevant time listed in accordance with Certificate Condition 21 (*Notices*) as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date.

10.8 ***Termination and Cancellation***

Following the redemption in full of the Notes, the realisation of the Charged Property and payment of the proceeds of realisation in accordance with the applicable Payments Priority, no more Certificate Payments will be made by the Issuer and the Certificates shall be cancelled.

11. **Taxation**

11.1 ***Payments free of Tax***

(Subject to Certificate Condition 11.3 below) all payments in respect of the Certificates 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 Certificates 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.

11.2 ***No payment of additional amounts***

Neither the Issuer nor the Paying Agents will be obliged to pay any additional amounts to the Certificateholders as a result of any such Tax Deduction.

11.3 ***Withholding***

Notwithstanding any other provision in these Certificate Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of US 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.

12. **Events of Default**

12.1 ***Events of Default***

Each of the following events shall be an "**Event of Default**":

- (a) *Non-payment*: the Issuer fails to pay any amount in respect of the Certificates within 14 calendar days following the due date for payment of such principal to the Paying Agent;
- (b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Certificate, 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 Certificateholders: (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;

- (c) *Insolvency Event*: an Insolvency Event occurs in relation to the Issuer; or
- (d) *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 Certificates or the Trust Documents or any of the other Transaction Documents.

12.2 ***Delivery of Enforcement Notice***

Subject to Certificate Condition 12.3 (*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) all the Notes have been redeemed in full; and
- (b) so requested in writing by the holders of at least 25 per cent. of the Certificates; or
- (c) so directed by an Extraordinary Resolution of the holders of the Certificates,

and, in each case, only if it shall have been indemnified and/or secured an/or pre-funded to its satisfaction against all Liabilities to which it may become liable or which it may incur in so doing.

12.3 ***Conditions to delivery of Enforcement Notice***

Notwithstanding Certificate Condition 12.2 (*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.

12.4 ***Consequences of delivery of Enforcement Notice***

Upon the delivery of an Enforcement Notice, any Certificate Payments shall thereby immediately become due and payable.

13. **Enforcement**

13.1 ***Proceedings***

At any time after the delivery of an Enforcement Notice and following the redemption of the Notes in full the Trustee may, 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 Certificates (including these Certificate 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 Certificates; or
- (b) so directed by an Extraordinary Resolution of the holders of the Certificates,

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.

13.2 ***Action by the Trustee***

If the Trustee shall take any action described in Certificate Condition 13.1 (*Proceedings*) it may take such action without having regard to the effect of such action on individual Certificateholders or any other Secured Creditor.

13.3 ***Third Party Rights***

No person shall have any right to enforce any Certificate Condition or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

14. **No action by Certificateholders or any other Secured Creditor**

14.1 Only the Trustee may pursue the remedies available under the general law or under the Trust Documents and/or enforce the Security and no Certificateholder 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 Certificateholders 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 Certificate 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 Certificateholders 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.

15. **Meetings of Certificateholders**

15.1 ***Convening***

The Trust Deed contains "Provisions for Meetings of Noteholders and Certificateholders" for convening separate or combined meetings of Noteholders and/or Certificateholders of any class or classes to consider matters relating to the Notes and/or the Certificates (as applicable), including the modification of any provision of these Certificate Conditions, the Conditions or the Trust Deed, which modification may be made if sanctioned by an Extraordinary Resolution.

15.2 ***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/or Certificateholders) 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 or the Certificates shall be transacted at a separate meeting of the Noteholders of that class or Certificateholders;
- (b) an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class of Notes or Certificates 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 or the holders of the Certificates (if applicable) shall be transacted either at separate meetings of the Noteholders and/or Certificateholders of each relevant class or at a single meeting of the Noteholders of all such classes of Notes and the Certificateholders 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 of Notes or Certificates and gives rise to any actual or potential conflict of interest between the Noteholders of one class of Notes or Certificates and the Noteholders of any other class of Notes or Certificates shall be transacted at separate meetings of the Noteholders of each relevant class.

15.3 ***Request from Certificateholders:***

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A meeting of Certificateholders 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 prefunded and/or secured to its satisfaction) upon the request in writing of the Certificateholders holding not less than ten per cent. of the aggregate number of Certificates then outstanding. However, so long as no Event of Default has occurred and is continuing, the Certificateholders 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.

### 15.4 ***Quorum:***

The quorum at any meeting convened to vote on:

- (a) an Ordinary Resolution relating to a meeting of any Certificates will be one or more persons holding or representing in aggregate not less than 25 per cent. of the number of Certificates then outstanding or, at any adjourned meeting, one or more persons holding or representing not less than 10 per cent. of the number of Certificates then outstanding;
- (b) an Extraordinary Resolution, other than regarding a Reserved Matter, relating to a meeting of any Certificates will be one or more persons holding or representing in aggregate not less than 50 per cent. of the number of Certificates then outstanding or, at any adjourned meeting, one or more persons holding or representing not less than 25 per cent of the number of Certificates then outstanding ; and
- (c) an Extraordinary Resolution relating to a Reserved Matter will be one or more persons holding or representing in aggregate not less than 75 per cent. of the number of Certificates then outstanding or, at any adjourned meeting, one or more persons holding or representing not less than in aggregate 50 per cent. of the number of Certificates then outstanding.

### 15.5 ***Relationship between Classes:***

In relation to each class of Notes and the Certificates:

- (a) no Extraordinary Resolution involving a Reserved Matter that is passed by the holders of one class of Notes or the Certificates shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes (to the extent that there are outstanding Notes in such other classes) and the Certificates;
- (b) no Extraordinary Resolution to approve any matter other than a Reserved Matter of any class of Notes or Certificates shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes or Certificates ranking senior to such class (to the extent that there are outstanding Notes ranking senior to such class) unless the Trustee considers that the interests of the holders of each of the other classes of Notes and the Certificates ranking senior to such class 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 or Certificates duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such class and the Certificateholders, 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 Most Senior Class duly convened and held as aforesaid shall also be binding upon the holders of all the other classes and of Notes and Certificates and will override any resolution to the contrary of the other classes of Notes and Certificates.

### 15.6 ***Resolutions in writing***

- 15.7 A Written Resolution and/or an Electronic Consent shall take effect as if it were an Extraordinary Resolution.

16. **Modification and Waiver**

16.1 **Modification**

The Trustee may at any time and from time to time, without the consent or sanction of the Noteholders, Certificateholders or any other Secured Creditors, concur with the Issuer and any other relevant parties in making:

- (a) any modification to the Conditions, these Certificate Conditions, the Trust Documents, the Certificates, 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 the Conditions, these Certificate 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 Certificate Condition 16.2 (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.

16.2 **Additional Right of Modification:** Notwithstanding the provisions of Certificate Condition 16.1 (*Modification*), the Trustee shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders, or, save as provided in this Certificate Condition 16.2 (*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 the Conditions, these Certificate 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 16.2(a)(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);
    - (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



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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
  - (3) 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 any obligation which applies to it under UK EMIR and/or EU EMIR (as 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 the UK Securitisation Framework, including as a result of the adoption of regulatory technical standards in relation to the UK Securitisation Framework or any other risk retention legislation 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;
  - (d) for the purpose of complying with any changes in the requirements of the EU Securitisation Regulation, including as a result of the adoption of regulatory technical standards in relation to the EU Securitisation Regulation or any other risk retention legislation 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;
  - (e) for the purposes of enabling the Notes to remain listed on the 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;
  - (f) for the purposes of enabling the Issuer or any of the other Transaction Parties to comply with FATCA, **provided that** the Issuer or the relevant Transaction Party, as applicable, certifies to the 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 complying with any changes in the requirements of the UK CRA Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the UK CRA Regulation and the Commission Delegated Regulation 2015/3 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA (including, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), as amended from time to time (the "**UK CRA3 Requirements**"), including any requirements imposed by the UK Securitisation Framework and/or any other new 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;
  - (h) for the purpose of changing the SONIA Reference Rate or the base rate that then applies in respect of the applicable Notes and/or any consequential amendments to any related Fixed Rate Swap Agreement to an alternative base rate (including where such base rate

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may remain linked to SONIA but may be calculated in a different manner) (any such rate, an "**Alternative Base Rate**") and make such other related or consequential amendments as are necessary or advisable in the reasonable judgment of the Issuer (or the Mortgage Servicer on its behalf) to facilitate such change (a "**Base Rate Modification**"), **provided that**, in relation to any amendment under this Certificate Condition 16.2(h):

(i) 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 any one or more of the following:

- (1) an alternative manner of calculating a SONIA-based base rate is introduced and becomes a standard means of calculating interest for similar transactions;
- (2) a material disruption to SONIA, or any other relevant interest rate benchmark applicable to the Notes, an adverse change in the methodology of calculating SONIA or any other relevant interest rate benchmark or SONIA or any other relevant interest rate benchmark ceasing to exist or be published;
- (3) the insolvency or cessation of business of the SONIA administrator or the administrator of any other relevant interest rate benchmark applicable to the Notes (in circumstances where no successor SONIA administrator (or administrator of any other relevant interest rate benchmark applicable to the Notes) has been appointed);
- (4) a public statement by the SONIA administrator or administrator of any other relevant interest rate benchmark applicable to the Notes that it will cease publishing SONIA (or any other relevant interest rate benchmark applicable to the Notes) permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such interest rate benchmark);
- (5) a public statement by the supervisor of the SONIA administrator or the administrator of any other relevant interest rate benchmark applicable to the Notes that SONIA or any other relevant interest rate benchmark applicable to the Notes has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
- (6) a public announcement by the supervisor of the SONIA administrator or the administrator of any other relevant interest rate benchmark applicable to the Notes of the permanent or indefinite discontinuation of the SONIA Reference Rate or base rate that applies to the Notes;
- (7) a public statement by the supervisor of the SONIA administrator or the administrator of any other relevant interest rate benchmark applicable to the Notes that means SONIA or any other relevant interest rate benchmark applicable to the Notes may no longer be used or that its use is subject to restrictions or adverse consequences; or
- (8) the reasonable expectation of the Issuer (or the Seller on its behalf) that any of the events specified in sub-paragraphs (1) to (7) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and

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- (B) such Alternative Base Rate is any one or more of the following:
- (1) a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the EU 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) SONIA (or any rate which is derived from, based upon or otherwise similar to the foregoing);
  - (3) a base rate utilised in a material number of publicly-listed new issues of Sterling-denominated asset backed floating rate notes prior to the effective date of such Base Rate Modification;
  - (4) a base rate utilised in a publicly-listed new issues of Sterling-denominated asset backed floating rate notes where the originator of the relevant assets is NBS or an affiliate thereof; or
  - (5) such other base rate as the Issuer reasonably determines,

and in each case, the change to the Alternative Base Rate will not, in the Issuer's or the Seller's (acting on behalf of the Issuer) opinion, be materially prejudicial to the interests of the Noteholders, and, for the avoidance of doubt, the Issuer (or the Seller on its behalf) may propose an Alternative Base Rate on more than one occasion **provided that** the conditions set out in this Certificate Condition 16.2(h)(i) are satisfied; and 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;

- (i) 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 Mortgage Servicer on its behalf) and the Fixed Rate Swap Provider 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 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**"),
- (j) in order to allow the Issuer to open additional accounts with an additional account bank or to move the Issuer Accounts to be held with an alternative account bank with the required ratings, provided that the Issuer has certified to the Trustee (upon which certification the Trustee shall be entitled to rely absolutely and without liability) that (i) such action would not have an adverse effect on the then current ratings of the Class A Notes, and (ii) if a new account bank agreement is entered into, such agreement will be entered into on substantially the same terms as the Account Bank Agreement **provided further** that if the Issuer determines that it is not practicable to agree terms substantially similar to those set out in the Account Bank Agreement with such replacement financial institution or institutions and the Issuer certifies in writing to the Trustee that the terms upon which it is proposed the replacement bank or financial institution will be appointed are reasonable commercial terms taking into account the then prevailing current market conditions, whereupon a replacement agreement will be entered into on such reasonable commercial terms and the Trustee shall be entitled to rely absolutely on such certification without any liability to any person for so doing (notwithstanding that the fee payable to the replacement account bank may be higher or other terms may differ materially from those on which the previously appointed bank or financial institution agreed to act).

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(the certificate to be provided by the Issuer, the Fixed Rate Swap Provider or the relevant Transaction Party, as the case may be, pursuant to paragraphs (a) to (j) above being a "**Modification Certificate**"), **provided that**, in each case in respect of each of Certificate Condition 16.2(a) to (j) (inclusive) above:

- (i) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Trustee;
  - (ii) the Trustee shall be entitled to rely on any Modification Certificate absolutely and without enquiry or liability;
  - (iii) 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;
  - (iv) the consent of each Transaction Party which is party to the relevant Transaction Document has been obtained (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document); and
  - (v) the Trustee is satisfied that it has been or will be reimbursed for all costs, fees and expenses (including properly incurred legal fees) incurred by it in connection with such modification;
- (k) other than in the case of a modification pursuant to Certificate Condition 16.2(a)(ii), either:
- (i) 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 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
  - (ii) 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
- (l) the Issuer certifies (upon which certification the Trustee shall be entitled to rely absolutely and without further enquiry or liability) in writing to the Trustee (which certification may be in the Modification Certificate) that:
- (i) the Issuer has provided at least 30 calendar days' notice to the Certificateholders of the proposed modification in accordance with Certificate Condition 21 (*Notices*) and may publish on Bloomberg on the "Company News" screen relating to the Notes; and
  - (ii) the Issuer has not been contacted in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Certificates may be held) by Certificateholders representing at least 10 per cent. of the Certificates outstanding within such notification period notifying the Issuer that such Certificateholders do not consent to the modification.

If Certificateholders representing at least 10 per cent. of the Certificates then outstanding have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Certificates 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 Certificateholders is passed in favour of such modification in accordance with Certificate Condition 15 (*Meetings of Certificateholders*).

Other than where specifically provided in this Certificate Condition 16.2 (*Additional Right of Modification*) or any Transaction Document:

- (1) when implementing any modification pursuant to this Certificate Condition 16.2 (*Additional Right of Modification*) (save to the extent the Trustee considers that the proposed modification would constitute a Reserved Matter), the Trustee shall not consider the interests of the Noteholders, the Certificateholders, 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 Certificate Condition 16.2 (*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 Certificate Conditions.

Any such modification shall be binding on all Noteholders and Certificateholders 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 Certificate Condition 21 (*Notices*).

#### 16.3 ***Waiver***

The Trustee may at any time and from time to time in its absolute 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 other of the Transaction Documents by any party thereto; 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, Certificateholders or any other Secured Creditor.

#### 16.4 ***Restriction on power to waive***

The Trustee shall not exercise any powers conferred upon it by Certificate Condition 16.3 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of Certificateholders or of a request or direction in writing made by the Certificateholders holding not less than 25 per cent. of the Certificates then outstanding, but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made.

#### 16.5 ***Notification***

Unless the Trustee otherwise agrees, the Issuer shall cause any authorisation, waiver, modification or determination given or made in accordance with this Certificate Condition 16 (*Modification and Waiver*) to be notified to the Noteholders, the Certificateholders and the other Secured Creditors

in accordance with the Certificates Notices Condition and the Transaction Documents, and while any Notes which are rated remain outstanding, to the Rating Agencies, as soon as practicable after it has been made.

16.6 ***Binding Nature***

Any authorisation, waiver, determination or modification referred to in Certificate Condition 16.1 (*Modification*) or Certificate Condition 16.3 (*Waiver*) shall be binding on the Certificateholders and the other Secured Creditors.

16.7 ***Limitation on Noteholders and Certificateholders***

In respect of any Ordinary Resolution or Extraordinary Resolution of a Class or Classes of Noteholders and/ or Certificateholders relating to any amendment, waiver, modification, supplement or consent in respect of any of the Transaction Documents which would have the effect:

- (i) of affecting the amount, timing or priority of any payments or deliveries due from the Issuer to the Fixed Rate Swap Provider or from the Fixed Rate Swap Provider to the Issuer;
- (ii) of altering the Fixed Rate Swap Provider's rights in relation to any security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such security) granted by the Issuer in favour of the Trustee on behalf of the Secured Creditors;
- (iii) of altering the Fixed Rate Swap Provider's status as a Secured Creditor; or
- (iv) of being materially prejudicial to the Fixed Rate Swap Provider in respect of its rights and obligations under the Transaction Documents.

(x) the prior written consent of the Fixed Rate Swap Provider (such consent not to be unreasonably withheld or delayed), or (y) written notification from the Issuer to the Trustee (as determined by the Issuer in accordance with the Transaction Documents) (upon which the Trustee shall be entitled to rely absolutely and without enquiry), that none of the foregoing limbs applies, is required prior to such amendment, waiver, modification, supplement or consent being made or given.

17. **Prescription**

Claims for principal in respect of the Certificate Payment shall become void where the application for payment is made more than ten years after the due date thereof.

18. **Replacement of Certificates**

If any Certificate 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, upon payment by the holder of such Certificateholder 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 Certificates must be surrendered before replacements will be issued.

19. **Trustee and Agents**

19.1 ***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 Certificateholders. 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.

19.2 ***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 Mortgage 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.

19.3 **Agents solely agents of Issuer:** In acting under the Agency Agreement and in connection with the Certificates, 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).

19.4 **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 or agent bank and additional or successor paying agents, registrars or agent banks at any time, having given not less than 30 calendar days' notice to such Agent.

20. **Substitution of Issuer**

20.1 **Substitution of Issuer:** The Trustee may, without the consent of the Certificateholders 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.

20.2 **Substitution for tax reasons:** If the Issuer (or any previous substitute):

- (a) would be required to make a Tax Deduction in respect of any payments made on the Certificates; or
- (b) by virtue of a change in the tax law of the Issuer's Jurisdiction (or the application or official interpretation thereof) would be subject to tax on an amount in excess of the Issuer Profit Amount,

then the Issuer shall use all reasonable endeavours to procure the substitution of the Issuer (or any previous substitute) as principal debtor under the Trust Documents, the Notes, the Certificates and the other secured obligations upon the same terms and in the same form as are set out in the Trust Deed of a company approved by the Trustee incorporated and tax resident in another jurisdiction, subject to and in accordance with the Certificate Conditions.

20.3 **Notice of Substitution of Issuer:** Not later than fourteen calendar days after any substitution of the Issuer in accordance with this Certificate Condition has effect, the Substituted Obligor shall cause notice of such substitution to be given to the Certificateholders and the other Secured Creditors in accordance with the Certificates Notices Condition and the other relevant Transaction Documents, and while any Notes that are rated remain outstanding, to the Rating Agencies.

20.4 **Change of Law:** In the case of a substitution pursuant to this Certificate Condition, the Trustee may in its absolute discretion agree, without the consent of the Certificateholders or the other Secured Creditors, to a change of the law governing the Certificates 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 Certificates.

20.5 **No indemnity:** No Certificateholder 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 Certificateholders.

21. **Notices**

21.1 ***Valid Notices:***

Any notice to Certificateholders shall be validly given if such notice is either:

- (a) prior to the issue of any Definitive Certificates and so long as the Certificates 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 Certificateholders; or
- (b) published on the Relevant Screen Page.

21.2 ***Date of publication:*** Any notice so sent or published shall be deemed to have been given on the date on which it was so sent or, as the case may be, on the date of such publication or, if delivered or 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 the Relevant Screen Page or on the first date of delivery of the relevant notice to Euroclear and Clearstream, Luxembourg (as applicable).

21.3 ***Other Methods:*** The Trustee shall be at liberty to sanction some other method of giving notice to the Certificateholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and the clearing system through which the Certificates are cleared and **provided that** notice of such other method is given to the Certificateholders in such manner as the Trustee shall require.

22. **Governing Law and Jurisdiction**

22.1 ***Governing law:*** The Transaction Documents and the Certificates and all non-contractual obligations arising from or connected with them are governed by, and shall be construed in accordance with, English law.

22.2 ***Jurisdiction:*** The Courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Certificates 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 Certificates 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 Certificates 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 and payments under the Certificates. 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 and/or the Certificates. The comments relate only to the position of persons who are absolute beneficial owners of the Notes and/or the Certificates. 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 or Certificateholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders or Certificateholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes and/or the Certificates 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 and the Certificates. In particular, Noteholders and Certificateholders 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 and/or the Certificates 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" within the meaning of section 1005 of the Income Tax Act 2007. 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 they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000). The London Stock Exchange is a recognised stock exchange, and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be included in the United Kingdom official list and admitted to trading on the Main Market.

In all cases falling outside the exemption 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 US Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Notes characterised as debt for US federal income tax purposes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the US Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). 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 Lead Manager has, pursuant to a subscription agreement dated 3 February 2025 between NBS (as the Seller), the Arranger, the Lead Manager and the Issuer (the "**Subscription Agreement**") agreed with the Issuer (subject to certain conditions) to procure subscriptions and payment for 100 per cent. of the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes as at the Closing Date.

The Seller has, pursuant to the Subscription Agreement, agreed with the Issuer (subject to certain conditions) to subscribe and pay for:

- (a) 100 per cent. of the Class X Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class X Notes as at the Closing Date; and
- (b) 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.

On the Closing Date, the Issuer will also issue the Certificates. The Class X Notes, the Class Z Notes and the Certificates will be fully retained by the Seller. It is intended that, on the Closing Date, the Certificates will be delivered to the Seller as deferred consideration under the Mortgage Sale Agreement.

The Issuer has agreed to indemnify the Seller, the Arranger and the Lead Manager against certain liabilities 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 Lead Manager 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, the Lead Manager or the Seller, 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.

For the avoidance of doubt, the Arranger shall not have any responsibility or obligation in relation to the subscriptions and payment (or the procurement of subscriptions and payment of) any Notes or Certificates.

***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 state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S) except pursuant to an exemption from such registration requirements and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Accordingly, the Notes are being offered and sold only outside the United States in "offshore transactions" to non-US Persons (as defined in Regulation S) in reliance on Regulation S.

The Arranger, the Lead Manager and NBS have represented, warranted and agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes (with respect to the Arranger and the Lead Manager, with reference to the Class A Notes only), 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, US Persons (as defined in Regulation S), and it will have sent to each affiliate or other dealer (if any) to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S).

Except with the prior written consent of NBS in the form of a US Risk Retention Consent and where such sale falls within the exemption provided by Section 20 of the US 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 US 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 Arranger, the Lead Manager and the Seller that it (1) is not a Risk Retention US Person (unless it has obtained the prior written consent of NBS), (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the US Risk Retention Rules. See "*Risk Factors – US Risk Retention*".

See also "*Transfer Restrictions and Investor Representations*", below.

### **United Kingdom**

Each of the Arranger and the Lead Manager has represented, warranted and agreed 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 Class A 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 Class A Notes in, from or otherwise involving the United Kingdom.

The Lead Manager, the Arranger and the Seller have acknowledged that, save for having obtained the approval of the Prospectus as a prospectus in accordance with Part VI of FSMA, having applied for the admission of the Notes to the Official List and admission to trading on the Stock Exchange, no further action has been or will be taken in any jurisdiction by the Lead Manager, the Arranger or the Seller 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.

### **Prohibition of Sales to UK Retail Investors**

Each of the Arranger and the Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Class A Notes to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (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 ("**EUWA**"); or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 as amended or recast ("**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
  - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation,
- and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Class A Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Class A Notes.

**Prohibition of Sales to EEA Retail Investors**

Each of the Arranger and the Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Class A Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or
  - (iii) not a qualified investor as defined in the EU Prospectus Regulation; and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Class A Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Class A Notes.

**General**

The Lead Manager, the Arranger and the Seller have undertaken that it/they will not, directly or indirectly, offer or sell any Notes or Certificates or have in its/their possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes or the Certificates in any country or jurisdiction except under circumstances that will, to the best of its/their knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes or Certificates by it/them will be made on the same terms.

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### Offers and Sales by the Purchasers

The Notes (including interests therein represented by a Global Note, a Definitive Note or a Book-Entry Interest) and the Certificates (including interests therein represented by a Global Certificate, a Registered Definitive Certificate or a Book-Entry Interest) may only be offered, sold, resold, delivered or transferred: (i) outside the United States to a non US 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 or other jurisdiction of the United States.

### Investor Representations and Restrictions on Resale

By its purchase of the Notes or the Certificates, each purchaser of the Notes or the Certificates (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 and Certificates, 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 US person (as defined in 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-US persons in an "**offshore transaction**" (as defined in Regulation S) pursuant to an exemption from registration provided by Regulation S;
- (b) the Notes and Certificates have not been and will not be registered under the Securities Act and such Notes and Certificates 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 and/or Certificates, then it agrees that it will offer, resell, pledge or transfer such Notes and/or Certificates only: (i) to a purchaser who is not a US 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 and/or the Certificates for the account or benefit of a US Person (as defined in Regulation S) and who is acquiring the Notes and/or the Certificates in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S; (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) unless the relevant legend set out below has been removed from the Notes and Certificates, such purchaser shall notify each transferee of Notes and/or Certificates (as applicable) from it that: (i) such Notes and/or Certificates have not been registered under the Securities Act; (ii) the holder of such Notes and/or Certificates is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) and (b) above; (iii) such transferee shall be deemed to have represented that such transferee is a non-US Person (as defined in Regulation S) and acquiring the Notes and/or the Certificates 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;
- (d) the Issuer, the Registrar, the Arranger, the Lead Manager and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements;
- (e) the Notes and Certificates 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 and/or Certificates 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 and/or Certificates generally, and that it will be deemed, by its acceptance of such Notes and/or Certificates, to have agreed to any such amendment or supplement;

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- (f) if the Purchaser purchased the Notes during the initial syndication of the Notes, it (1) either (i) is not a Risk Retention US Person or (ii) has obtained the prior written consent of NBS (a "**US 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 US Risk Retention Rules (including acquiring such Note through a non-Risk Retention US Person, rather than a Risk Retention US Person, as part of a scheme to evade the 10 per cent. Risk Retention US Person limitation in the exemption provided for in Section 20 of the US Risk Retention Rules);
- (g) 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; and
- (h) it will promptly: (i) inform the Issuer if, during any time it holds a Note and/or Certificate, 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.

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) and the Certificates (including interests therein represented by a Global Certificate, a Registered Definitive Certificate 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) and the Certificates (including interests therein represented by a Global Certificate, a Registered Definitive Certificate 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/CERTIFICATE] 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/CERTIFICATES] AND THE CLOSING OF THE OFFERING OF THE [NOTES/CERTIFICATES], 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."

EACH PURCHASER OR TRANSFEREE OF THIS [NOTE/CERTIFICATE] (OR ANY INTEREST HEREIN) SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED BY SUCH PURCHASE AND/OR HOLDING THAT (I) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR INTEREST HEREIN WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF) A BENEFIT PLAN INVESTOR OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, ("**ERISA**") OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") ("**SIMILAR LAW**"), OR (II) IF IT IS A GOVERNMENTAL CHURCH OR NON-U.S. PLAN, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SIMILAR LAW. THE TERM "**BENEFIT PLAN INVESTOR**" SHALL MEAN (1) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), WHICH IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN

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SECTION 4975(e)(1) OF THE CODE, WHICH IS TO SECTION 4975 OF THE CODE, OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY UNDER U.S. DEPARTMENT OF LABOR REGULATIONS § 2510.3-101 (29 C.F.R. § 2510-101) AS MODIFIED BY SECTION 3(42) OF ERISA. ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THESE REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*."

*Because of the foregoing restrictions, purchasers of Notes and Certificates 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 the Closing Date. Prior to listing, however, dealings will be permitted by the Stock Exchange in accordance with its rules. Transactions will normally be effected for settlement in Sterling and for delivery on the third working day after the date of the transaction.
- (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 22 August 2024 (being the date of incorporation of the Issuer) which may have, or have had during the 12 months preceding the date of this Prospectus, 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 Sections 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, Ernst & Young LLP, 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 2025.
- (e) For so long as the Notes are admitted to the Official List and to trading on the Main Market, the Issuer shall maintain a Paying Agent in the United Kingdom.
- (f) The credit ratings included or referred to in this Prospectus have been issued by the Rating Agencies, each of which is established and operating in the UK and registered under the UK CRA Regulation.
- (g) 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.
- (h) Since the date of its incorporation, the Issuer has not commenced operations.
- (i) 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.
- (j) Since 22 August 2024 (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.
- (k) The issue of the Notes and the Certificates was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 30 January 2025.
- (l) The following Notes and Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN and Common Code:

<b>Class of Notes / Certificates</b>	<b>ISIN</b>	<b>Common Code</b>
Class A Notes	XS2982091360	298209136
Class X Notes	XS2982091444	298209144
Class Z Notes	XS2982091790	298209179
Certificates	XS2982115649	298211564

- (m) 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).
- (n) The Seller is the designated reporting entity under SECN 6.3.1R(1) and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date).

For so long as any Notes remain outstanding, the Seller will in its capacity as the designated reporting entity pursuant to SECN 6.3.1R(1), Article 7(2) of Chapter 2 of the PRA Securitisation Rules, and Article 7(2) of the EU Securitisation Regulation (in respect of the EU Securitisation Regulation, as if it were applicable to the Seller and as in force on the Closing Date):

- (i) procure that the Cash Manager will prepare and deliver each UK Quarterly Investor Report on a quarterly basis as required by SECN 6.2.1R(5) and Article 7(1)(e) of Chapter 2 of the PRA Securitisation Rules and each EU Quarterly Investor Report on a quarterly basis as required by Article 7(1)(e) of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation, as if it were applicable to the Seller and as in force on the Closing Date) and in compliance with the requirements of the PRA Transparency Rules, the FCA Transparency Rules and EU Article 7 Technical Standards, as applicable;
- (ii) procure that the Mortgage Servicer will prepare and deliver each UK Quarterly Loan Level Data Tape on a quarterly basis as required by SECN 6.2.1R(1) and Article 7(1)(a) of Chapter 2 of the PRA Securitisation Rules and each EU Quarterly Loan Level Data Tape on a quarterly basis as required by Article 7(1)(a) of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation as if it were applicable to the Seller and as in force on the Closing Date) respectively by no later than seven business days prior to the related Interest Payment Date and in compliance with the requirements of the PRA Transparency Rules, the FCA Transparency Rules and EU Article 7 Technical Standards, as applicable;
- (iii) publish on the SR Website each UK Quarterly Investor Report and each EU Quarterly Investor Report no later than one calendar month following the related Interest Payment Date;
- (iv) publish on the SR Website each UK Quarterly Loan Level Data Tape and each EU Quarterly Data Tape (simultaneously with the UK Quarterly Investor Report and the EU Quarterly Investor Report respectively) no later than one calendar month following the related Interest Payment Date;
- (v) prepare and procure the publication on the SR Website (i) to the extent that any inside information or significant event has occurred without delay details of any information required to be reported in accordance with Articles 7(1)(f) and 7(1)(g) of Chapter 2 of the PRA Securitisation Rules, SECN 6.2.1(6) and SECN 6.2.1(7) and Articles 7(1)(f) and 7(1)(g) of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation as if it were applicable to the Seller and as in force on the Closing Date (as applicable)) and in compliance with the requirements of the PRA Transparency Rules, the FCA Transparency Rules and the EU Article 7 Technical Standards, as applicable, and (ii) without delay details of any information required to be reported in accordance with SECN 2.2.11(2) and SECN 2.2.23(1) of the UK STS Requirements;
- (vi) within 15 calendar days of the issuance of the Notes, make available via the SR Website final form copies of the Transaction Documents and this Prospectus;
- (vii) procure that the STS Notification is made available within 15 calendar days of the Closing Date to the FCA via the Connect Portal to the FCA STS register website at <https://data.fca.org.uk/#/sts/stssecuritisations> (or its successor website);
- (viii) make available the information set out in paragraphs (a) to (g) above available to the relevant competent authorities referred to in the UK Securitisation Framework and the EU Securitisation Regulation (with respect to the EU Securitisation Regulation as if it were applicable to the Seller and as in force on the Closing Date (as applicable)) and investors in the Notes as required pursuant to SECN 6.2.1, Article 7(1) of Chapter 2 of the PRA Securitisation Rules and Article 7(1) of the EU Securitisation Regulation (with respect to the EU Securitisation Regulation as if it were applicable to the Seller and as in force on the Closing Date (as applicable)); and

- (ix) prepare and make available a Bank of England Quarterly Report within one month of each Interest Payment Date via the SR Website.

To the extent that, after the Closing Date, there is any further divergence between the UK Securitisation Framework and EU Securitisation Regulation, the Seller will only continue to comply with the EU Securitisation Regulation (as if such provisions were applicable to it) as such articles and technical standards are interpreted and applied on the Closing Date. The requirements to comply with the EU Securitisation Regulation (including the disclosure obligations referred to above) will apply only until the SR Equivalency Date.

- (o) The Seller will make available all such information to investors and potential investors in order for them to comply with their obligations under SECN 4.2 and Article 5 of the EU Securitisation Regulation (as if it were applicable to the Seller and as in force on the Closing Date).
- (p) Other than as outlined in paragraphs (n) and (o) above, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Mortgage Loans.
- (q) Prior to the pricing of the Notes, the Seller has made available (through the SR Website):
  - (i) the documents as required by and in accordance with: (x) SECN 6.2.1R(2), SECN 6.2.1R(4), SECN 2.2.29 and Article 7(1)(b) and Article 7(1)(d) of Chapter 2 of the PRA Securitisation Rules; and (y) Article 7(1)(b) of the EU Securitisation Regulation and, upon request, the information required by SECN 6.2.1R, point (a) of the first subparagraph of Article 7(1) of Chapter 2 of the PRA Securitisation Rules and Article 7(1)(a) of the EU Securitisation Regulation;
  - (ii) a static and dynamic historical default and loss performance data covering a period of at least 5 years in relation to owner-occupied mortgage loans originated by NBS in accordance with SECN 2.2.25(1); and
  - (iii) a liability cash flow model and the Seller shall continually make available such liability cashflow model in accordance with SECN 2.2.27(1).
- (r) 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.
- (s) The Issuer's LEI number is: LEI 635400IMWRHFIQA5QH83.

#### **Documents Available for Inspection**

For so long as any of the Notes remain outstanding, copies of the Transaction Documents, the memorandum and articles of association of the Issuer and the annual financial statements of the Issuer (as soon as published) may be inspected at the offices of the Issuer or Corporate Services Provider during usual business hours on any weekday, apart from public holidays.

This Prospectus will be made available in electronic form on the website of the Main Market of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/marketnews-home.html>.

**GLOSSARY OF DEFINED TERMS**

<b>"2025-1 NBS Beneficiary"</b>	means NBS in its capacity as beneficiary of the sub-trust declared over the Collection Accounts on the Closing Date.
<b>"Account Bank"</b>	means Citibank N.A., London Branch acting in such capacity as provider of the bank accounts or its successor, replacement and any additional account bank as may be appointed in accordance with the Transaction Documents.
<b>"Account Bank Agreement"</b>	means the agreement so named dated on or about the Closing Date between the Issuer, the Cash Manager, the Account Bank, the Seller, the Mortgage Servicer and the Trustee (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time).
<b>"Account Bank Required Rating"</b>	<p>means in relation to each of the Account Bank and the Collection Account Bank:</p> <p>(a) a long-term issuer default rating of at least A or a short-term issuer default rating of at least F1 by Fitch; and</p> <p>(b) a long-term rating of at least A3 by Moody's; or if the Account Bank or Collection Account Bank (as applicable) does not have a long-term deposit rating by Moody's, a short-term deposit rating of at least P-1 by Moody's,</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>
<b>"Accrued Interest"</b>	means, as at any date (the " <b>determination date</b> ") on or after the Closing 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.
<b>"Additional Interest"</b>	means interest which accrues on amounts of 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, at the rate applicable from time to time of such Notes.
<b>"Agency Agreement"</b>	means the agreement so named dated on or about the Closing Date between the Issuer, the Agent Bank, the Principal Paying Agent, the Registrar and the Trustee (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time).
<b>"Agent Bank"</b>	means Citibank N.A., London Branch in its capacity as agent bank pursuant to the Agency Agreement or any successor thereto.
<b>"Agents"</b>	means the Agent Bank, the Registrar, and the Paying Agents and " <b>Agent</b> " means any one of them.
<b>"Alantra EU Subsidiary"</b>	means Alantra Corporate Portfolio Advisors International Limited affiliates holding the necessary authorisations and approvals to provide investment services in the EU in accordance with MIFD II.

<b>"Ancillary Rights"</b>	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.
<b>"Appointee"</b>	means any delegate, agent, nominee, custodian, attorney or manager appointed by the Trustee pursuant to the provisions of the Trust Documents.
<b>"Arranger"</b>	means, in relation to the Notes, Alantra Corporate Portfolio Advisors International Limited, a company incorporated under the laws of England, with registered office at 1 <sup>st</sup> Floor 25 Cannon Street, London, England, EC4M 5SB, in its capacity as the arranger.  Alantra Corporate Portfolio Advisors International Limited may rely on other Alantra EU Subsidiary. The Alantra EU Subsidiary will be the entity in charge of conducting any and all contacts, introduction and marketing services in relation to the Notes with EU Investors.
<b>"Arrears of Interest"</b>	means as at any date (the " <b>determination date</b> ") on or after the Closing 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.
<b>"Asset Warranties"</b>	means the representations and warranties in respect of the Mortgage Loans as set out on page 135.
<b>"Authorised Investments"</b>	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), <b>provided that</b> 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 (at no cost to the Issuer) by the Issuer on or before the three Business Days prior to the next Calculation Date subject to: <ul style="list-style-type: none"> <li>(a) investments with remaining maturities which are greater than or equal to three months and equal to or less than 365 calendar days, having a short-term rating of at least F1+ by Fitch and P-1 by Moody's and a long-term rating of AA- by Fitch and Aa3 by Moody's (or such other short-term or long-term rating which would not affect the then current rating of the Class A Notes); or</li> <li>(b) 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 AA- by Fitch and A2 by Moody's (or such other short-term or long-term rating which would not affect the then current rating of the Class A Notes); or</li> <li>(c) 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 A by Fitch and A2 by Moody's (or such other short-term or long-term rating which would not affect the then current rating of the Class A Notes);</li> <li>(d) 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</li> </ul>

	(e) the obligors of such investments being incorporated or, if they are natural persons, resident in the European Economic Area or the UK.
<b>"Authorised Verification Agent"</b>	means PCS as a verification agent authorised under the UK STS Requirements.
<b>"Available Issuer Principal"</b>	has the meaning given to it on page 57.
<b>"Available Issuer Revenue"</b>	has the meaning given to it on page 57.
<b>"Back-Up Mortgage Servicer Facilitator"</b>	means CSC Capital Markets UK Limited acting in such capacity or any successor in such capacity pursuant to the Mortgage Servicing Agreement.
<b>"Bank of England Quarterly Report"</b>	means a quarterly loan-level data report using the template available on the Bank of England website as the <i>"Bank of England Loan Level Data: Reporting Template for Residential Mortgage Pools"</i> .
<b>"Banking Act"</b>	means the Banking Act 2009, as amended.
<b>"Base Rate Modification"</b>	has the meaning given to it in that Condition 17.2(h) ( <i>Additional Right of Modification</i> ).
<b>"Base Rate Modification Certificate"</b>	has the meaning given to it in that Condition 17.2(h) ( <i>Additional Right of Modification</i> ).
<b>"Basel Committee"</b>	means the Basel Committee on Banking Supervision.
<b>"Benchmarks Regulation"</b>	Regulation (EU) 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.
<b>"Benefit"</b>	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: <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</li> </ul>

give receipts for proceeds of and amounts due under or in respect of or relating to such Right or its Ancillary Rights; and

- (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.

**"Book-Entry Interests"** means the beneficial interests in the Global Notes recorded by Euroclear and Clearstream, Luxembourg.

**"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 any person (other than the Trustee, the Cash Manager, the Account Bank, the Custodian and any Agent), a wilful default, fraud, negligence or breach of trust or material breach of any agreement; and
- (b) in relation to the Trustee, the Cash Manager, the Account Bank, the Custodian and any Agent, a wilful default, fraud, or gross negligence by such person.

**"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 the quarterly period commencing on (and including) a Calculation Period Start Date and ending on (but excluding) the immediately following Calculation Period Start Date, except that the first Calculation Period will commence on (and include) the Cut-Off Date and end on (and exclude) the Calculation Period Start Date falling in May 2025.

**"Calculation Period Start Date"** means the first calendar day of February, May, August and November **provided that**, the first Calculation Period Start Date will be the Cut-Off Date.

**"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 Legal Title Holder, acting in accordance with any applicable regulatory obligations.

<b>"Capitalised Interest"</b>	means, in relation to a Mortgage Loan in respect of which an Issuer has taken a Payment Holiday, the amount of interest that would have been paid on the relevant Mortgage Loan if not for such Payment Holiday and which has at that date been added to the principal balance in respect of such Mortgage Loan in accordance with the Mortgage Terms;
<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, NBS, the Mortgage Servicer and the Seller (as the same may be amended, restated, supplemented, replaced and/or novated from time to time).
<b>"Cash Manager"</b>	means Citibank N.A., London Branch in its capacity as Cash Manager or any successor Cash Manager appointed in accordance with the terms of the Cash Management Agreement.
<b>"Cash Manager Event"</b>	means the occurrence of any of the following: <ul style="list-style-type: none"> <li>(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 three (3) 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</li> <li>(b) without prejudice to (a) above, default is made by the Cash Manager in the performance or observance of any of its other Cash Manager's covenants and obligations under the Cash Management Agreement or any of the Cash Manager's warranties proves to be untrue, incomplete or inaccurate and such default continues unremedied for twenty (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 Notice, by the Trustee requiring the default to be remedied; or</li> <li>(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;</li> <li>(d) the Cash Manager is not able to comply with any regulatory obligation following a change to the templates or any other aspect of reporting under the FCA Transparency Rules or the PRA Transparency Rules; or</li> <li>(e) the occurrence of an Insolvency Event in relation to the Cash Manager.</li> </ul>
<b>"CCA"</b>	means the Consumer Credit Act 1974, as amended.
<b>"Certificate Book-Entry Interests"</b>	means the beneficial interests in the Global Certificates recorded by Euroclear and Clearstream, Luxembourg.
<b>"Certificate Conditions"</b>	means the terms and conditions to be endorsed on the Certificates in, or substantially in, the form set out in this Prospectus, 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 Certificate Condition shall be construed accordingly.
<b>"Certificate Notices Condition"</b>	means Certificates Condition 21.
<b>"Certificate Payment"</b>	means payment, by way of deferred consideration for the Issuer's purchase of the Mortgage Portfolio, of an amount equal to: <ul style="list-style-type: none"> <li>(a) prior to the delivery of an Enforcement Notice or the Portfolio Purchase Option Completion Date, in respect of each Interest Payment Date, the sum of the amount (if any) by which Available Issuer Revenue exceeds the amounts required to satisfy items (a) to (n) of the Pre-Enforcement Revenue Payments Priority on that Interest Payment Date; and</li> <li>(b) following the delivery of an Enforcement Notice, in respect of each date on which amounts are to be applied in accordance with the Post-Enforcement Payments Priority, the amount by which amounts available for payment in accordance with the Post-Enforcement Payments Priority exceeds the amounts required to satisfy items (a) to (l) of the Post-Enforcement Payments Priority on that date.</li> </ul>
<b>"Certificateholders"</b>	means the holders of the Certificates.
<b>"Certificates"</b>	means the certificates representing the right to receive Certificate Payments.
<b>"Charged Property"</b>	means all the property of the Issuer which is subject to the Security.
<b>"CIGA"</b>	means the Corporate Insolvency and Governance Act 2020.
<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 Class A mortgage backed floating rate Notes due November 2074 (whether represented by Definitive Notes or the 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" or "class"</b>	means, in relation to the Notes, each or any of the Class A Notes, the Class X Notes or the Class Z Notes, as the context may require.
<b>"Class X Noteholders"</b>	means the persons who for the time being are holders of the Class X Notes.
<b>"Class X Notes"</b>	means the Class X fixed rate Notes due November 2074 (whether represented by Definitive Notes or the Global Note).
<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 Class Z mortgage backed floating rate Notes due November 2074 (whether represented by Definitive Notes or the 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>"Clearstream, Luxembourg"</b>	Clearstream Banking, S.A. and any successor to its business.

<b>"Closing Date"</b>	means 5 February 2025, or such other date as the Issuer and the Lead Manager may agree.
<b>"CMA"</b>	means the Competition & Markets Authority.
<b>"Collection Account Bank"</b>	means National Westminster Bank plc in such capacity or its successor.
<b>"Collection Account Declaration of Trust"</b>	means the declaration of sub-trust dated on or about the Closing Date in relation to the Collection Accounts pursuant to the Original Collection Account Declaration of Trust and any subsequent declaration of trust or sub-trust so named, each being made by NBS.
<b>"Collection Accounts"</b>	means the accounts in the name of the Legal Title Holder held with the Collection Account Bank into which payments from Borrowers in respect of the Mortgage Loans are paid and <b>"Collection Account"</b> means any one of them.
<b>"Common Safekeeper"</b>	means the common safekeeper for Euroclear and Clearstream, Luxembourg.
<b>"Compounded Daily SONIA"</b>	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:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_{i-5LBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**"d"** is the number of calendar days in the relevant Interest Period;

**"d<sub>0</sub>"** is the number of Business Days in the relevant Interest Period;

**"i"** is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period;

**"LBD"** means a Business Day;

**"n<sub>i</sub>"**, for any day "i", means the number of calendar days from and including such day "i" up to but excluding the following Business Day; and

**"SONIA<sub>i-5LBD</sub>"** means, in respect of any Business Day falling in the relevant Interest Period, the SONIA Reference Rate for the Business Day falling five Business Days prior to the relevant Business Day "i".

In the event that the Compounded Daily SONIA cannot be determined by the party responsible for the calculation of the rate of interest (including, without limitation, if the SONIA Reference Rate (including following operation of the fallbacks within such definition) cannot be determined), the Compounded Daily SONIA

shall be (i) that determined as at the last preceding Interest Determination Date; or (ii) if there is no such preceding Interest Determination Date, the initial Compounded Daily SONIA 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.

<b>"Conditions"</b>	means the terms and conditions to be endorsed on the Notes in, or substantially in, the form set out in this Prospectus, 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>"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, the Trustee and the Seller.
<b>"Corporate Services Provider"</b>	means CSC Capital Markets UK Limited (registered number 10780001), a company incorporated under the laws of England and Wales 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>"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>"Current 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;</li> <li>(c) Capitalised Arrears;</li> <li>(d) Capitalised Interest;</li> <li>(e) any capitalised high LTV fees, insurance fees, booking fees and valuation fees; and</li> <li>(f) any other amount not included in (a) to (e) above which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent but which is secured or is intended to be secured by the Mortgage relating to such Mortgage Loan;</li> </ul> <p><i>less</i></p> <ul style="list-style-type: none"> <li>(g) any prepayment, repayment or payment of the foregoing made on or prior to the determination date.</li> </ul>
<b>"Custodian"</b>	means Citibank N.A., London Branch, in its capacity as custodian in accordance with the terms of the Custody Agreement between Citibank, N.A. London Branch and the Issuer, or any other custodian in terms of any subsequent Custody Agreement entered into by the Issuer.

<b>"Custody Agreement"</b>	means the securities custody agreement made between the Issuer and the Custodian dated on the Closing Date, and any other securities custody agreement opened from time to time by the Issuer, with the consent of the Trustee.
<b>"Cut-off Date"</b>	means 1 January 2025.
<b>"Data Protection Legislation"</b>	means the following legislation to the extent applicable from time to time: (a) the Data Protection Act 2018; and (b) the UK GDPR.
<b>"Data Tape "</b>	means the following fields in the data tapes relating to the Mortgage Loans at the Portfolio Reference Date in the form agreed between the Seller and the Issuer: Original balance (AR66), Current balance (AR67), Original Loan To Value (AR135), Current Loan To Value (AR141), Property Postcode (AR129), Loan Origination Date (AR55), Pool Cut-off Date (AR1), Date Of Loan Maturity (AR56), Purpose (AR59), Property Type (AR131), Repayment Method (AR69), Interest Rate Type (AR107), Current Interest Rate (AR109), Revised Interest Rate Index (AR118), Final Step Date (AR121), Current Energy Performance Certificate Value (AR162), Potential Energy Performance Certificate Value (AR163) and the following tabs: Tab "FA Balances" and Tab "Indexed LTVs".
<b>"Day Count Fraction"</b>	means, in respect of an Interest Period, the actual number of days in such period divided by 365.
<b>"Deed of Charge"</b>	means the deed so named entered into on or about the Closing Date between, amongst others, the Issuer and the Trustee, and any document expressed to be supplemental to the Deed of Charge.
<b>"Deed Poll"</b>	means the deed poll dated on the Closing Date granted by the Issuer in favour of the Portfolio Purchase Option Holder relating to the Portfolio Purchase Option.
<b>"Deferred Consideration"</b>	means the deferred consideration payable by the Issuer to the Seller at item (o) of the Pre-Enforcement Revenue Payments Priorities and item (m) of the Post-Enforcement Payments Priority.
<b>"Deferred Interest"</b>	has the definition given to it in Condition 8.10 ( <i>Interest Deferred</i> ).
<b>"Definitive Certificates"</b>	means any definitive certificate representing any of the Certificates in, or substantially in the form set out in the Trust Deed.
<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>"Early Repayment Charges"</b>	means any charges (other than a Redemption Fee) 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.
<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> ) or Certificate Condition 12 ( <i>Events of Default</i> ).
<b>"ESMA"</b>	means the European Securities and Markets Authority.
<b>"EU"</b>	means the European Union.

<b>"EU Affected Investor"</b>	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, certain alternative investment fund managers which manage or market alternative investment funds in the EU, EU regulated insurers or reinsurers and certain management companies.
<b>"EU Article 7 ITS"</b>	means Commission Implementing Regulation (EU) 2020/1225 including any relevant guidance and policy statements in relation thereto published by the European Banking Authority, the ESMA, the European Insurance and Occupational Pensions Authority (or their successor) or by the European Commission, in each case, as in effect as of the Closing Date.
<b>"EU Article 7 RTS"</b>	means Commission Delegated Regulation (EU) 2020/1224 including any relevant guidance and policy statements in relation thereto published by the European Banking Authority, the ESMA, the European Insurance and Occupational Pensions Authority (or their successor) or by the European Commission, in each case, as in effect as of the Closing Date.
<b>"EU Article 7 Technical Standards"</b>	means the EU Article 7 RTS and the EU Article 7 ITS.
<b>"EU CRA Regulation"</b>	means Regulation (EU) No 1060/2009 (as amended).
<b>"EU CRD"</b>	means the Capital Requirements Directive.
<b>"EU CRD IV"</b>	means the EU CRR and the EU CRD.
<b>"EU CRD V"</b>	means Directive 2019/878.
<b>"EU CRR"</b>	means Regulation of the European Parliament and of the Council (EU) No 575/2013, as amended.
<b>"EU CRR2"</b>	means Regulation (EU) 2019/876.
<b>"EU EMIR"</b>	means the European Market Infrastructure Regulation (EU) No. 648/2012.
<b>"EU MIFID II"</b>	means Directive 2014/65/EU, as amended.
<b>"EU PRIIPs Regulation"</b>	means Regulation (EU) No 1286/2014, as amended.
<b>"EU Quarterly Investor Report"</b>	means the EU quarterly report prepared by the Cash Manager in accordance with the Cash Management Agreement.
<b>"EU Quarterly Loan Level Data Tape"</b>	means an EU Quarterly Loan Level Data Tape to be provided and published by the Mortgage Servicer in respect of each Calculation Period in accordance with the terms of the Transaction Documents.
<b>"EU Risk Retention Requirements"</b>	means Article 6 of the EU Securitisation Regulation.
<b>"EU Securitisation Regulation"</b>	means Regulation (EU) 2017/2402, 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> ) or Certificate Condition 12 ( <i>Events of Default</i> ).

<b>"Exchange Date"</b>	means the first day following the expiry of forty days after the Closing Date.
<b>"Exercise Notice"</b>	means a notice from the Portfolio Purchase Option Holder to the Issuer, with a copy to the Trustee, the Seller, the Mortgage Servicer, the Cash Manager, the Legal Title Holder and each of the Rating Agencies notifying of the intent to exercise a Portfolio Purchase Option.
<b>"Extraordinary Resolution"</b>	means: <ul style="list-style-type: none"> <li>(a) a resolution passed at a Meeting duly convened and held in accordance with the Provisions for Meetings by a majority of not less than three quarters of the votes cast; or</li> <li>(b) (i) a Written Resolution or (ii) where the Notes or Certificates are held on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communication systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in aggregate Principal Amount Outstanding of the Notes then outstanding or the number of Certificates then outstanding ("<b>Electronic Consent</b>").</li> </ul>
<b>"FATCA"</b>	<ul style="list-style-type: none"> <li>(a) means Sections 1471 through 1474 of the US Internal Revenue Code of 1986, as amended;</li> <li>(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or</li> <li>(c) any agreement pursuant to the implementation of any treaty law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any jurisdiction.</li> </ul>
<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>"FCA Transparency Rules"</b>	means SECN 6, SECN 11 (including its Annexes) and SECN 12 (including its Annexes).
<b>"Final Discharge Date"</b>	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.
<b>"Final Maturity Date"</b>	means the Interest Payment Date falling in November 2074.
<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 May 2025.
<b>"Fixed Rate Loans"</b>	means the Mortgage Loans to the extent that and for such period, their Mortgage Terms provide that the interest rate does not vary and is fixed by the Legal Title Holder.
<b>"Fixed Rate Notes"</b>	means the Class X Notes.
<b>"Fixed Rate Swap"</b>	means the interest rate swap transaction evidenced by a Confirmation and 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 evidencing the Fixed Rate Swap) 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 Lloyds Bank Corporate Markets plc in its capacity as fixed rate swap provider pursuant to the Fixed Rate Swap Agreement, and any replacement thereto in such capacity.
<b>"Fixed Rate Swap Subordinated Amount"</b>	means any termination payment due to the Fixed Rate Swap Provider which arises due to the termination of a 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; or (ii) the Swap Provider Downgrade Event.
<b>"Fixed Rate Swap Provider Swap Amount"</b>	means, on each Interest Payment Date (subject to being paid net of the Issuer Swap Amount), the amount the Fixed Rate Swap Provider shall pay to the Issuer pursuant to the Fixed Rate Swap Agreement.
<b>"Floating Rate Notes"</b>	means the Class A Notes.
<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>"General Reserve Fund"</b>	means the reserve fund established on the Closing Date by the Issuer which will be initially funded by the Issuer from the issuance of the Class X Notes up to the General Reserve Fund Required Amount and which will subsequently be funded on each Interest Payment Date from Available Issuer Revenue in accordance with the Pre-Enforcement Revenue Payments Priorities.
<b>"General Reserve Fund Release Amount"</b>	means amounts credited to the General Reserve Ledger (after the application of any amount required to make up any Revenue Shortfall) in excess of the General Reserve Fund Required Amount.
<b>"General Reserve Fund Required Amount"</b>	means:

	(a)	on the Closing Date, an amount equal to 1.50 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 1.50 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
	(c)	zero on any date on or after the Class A Notes are fully repaid.
<b>"General 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>"General Reserve Release Conditions"</b>		has the meaning given to this term on page 150.
<b>"Global Certificate"</b>		means a certificate represented on issue by a global residual certificate in registered form set out in schedule 4 ( <i>Form of Global Certificates</i> ) to the Trust Deed.
<b>"Global Note"</b>		means the Notes of each Class represented on issue by a global note in registered form for each such Class of Notes set out in schedule 1 ( <i>Form of Global Notes</i> ) to the Trust Deed.
<b>"Governmental Authority"</b>		means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.
<b>"Group"</b>		means NBS, together with its subsidiaries.
<b>"Help to Buy"</b>		means the help to buy scheme provided by the UK Government to assist home buyers by the UK Government (through Homes England) providing a shared equity loan made to borrowers secured by way of a second charge mortgage on the relevant property.
<b>"Help to Buy Loans"</b>		means any Mortgage Loan that benefits from Help to Buy (which are contractually binding with full recourse to the relevant Borrowers and, where applicable, guarantors).
<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 or of a Certificate (as applicable) and the words <b>"holders"</b> and related expressions shall (where appropriate) be construed accordingly.
<b>"Holdings"</b>		means Lace Funding Holdings Limited (registered number 15912339), a private limited company incorporated under the laws of England and Wales, whose registered office is at 10th Floor 5 Churchill Place, London, Canary Wharf, 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>"Industry PPR"</b>		has the meaning given to it on page 116.



- "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.
- "Initial Consideration"** means an amount equal to the Issuer Principal Amount *less* (i) the General Reserve Fund Required Amount as at the Closing Date, (ii) the Issuer's costs in connection with the issuance of the Notes and the Certificates and (iii) any amount of upfront swap premium and/or any swap fees (if any) payable by the Issuer to the Fixed Rate Swap Provider in relation to the entry into the Fixed Rate Swap Agreement.
- "Insolvency Act"** means the Insolvency Act 1986, as amended.
- "Insolvency Event"** in respect of a company or a building society 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 (excluding, in relation to the Issuer, the Trustee or any Receiver) taking possession of 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 substantial 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,

and any reference to a "**company**" in this definition shall be deemed to include reference to a building society.

**"Insolvency Official"**

means, in relation to a company or building society, 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, 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 Distribution Directive"**

means Directive (EU) 2016/97.

**"Insurance Policies"**

means:

- (a) all buildings insurance policies relating to freehold or commonhold 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 Legal Title Holder 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 Legal Title Holder which is intended to cover financial loss incurred by the Legal Title Holder in respect of a Mortgage Loan in relation to which adequate insurance of the related Property has not been arranged by the relevant Borrower;
- (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 Legal Title Holder, to the extent such policy relates to the Mortgage Loans; and
- (e) any insurance policy of the Legal Title Holder which is intended to cover financial loss incurred by the Legal Title

Holder in respect of a Mortgage Loan secured on a property registered with possessory title.

<b>"Interest Amount"</b>	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) by the relevant Day Count Fraction and rounding the resultant figure down to the nearest penny.
<b>"Interest Commencement Date"</b>	means 5 February 2025.
<b>"Interest Determination Date"</b>	means the date falling 5 Business Days prior to each Interest Payment Date and, in relation to an Interest Period, the <b>"related Interest Determination Date"</b> means the Interest Determination Date which falls 5 Business Days prior to the Interest Payment Date at the end of such Interest Period.
<b>"Interest Determination Ratio"</b>	means: (i) the aggregate Revenue Receipts calculated in the three preceding Mortgage Servicer Reports (or such smaller number of preceding Mortgage Servicer Reports as may be available on the date the Interest Determination Ratio is calculated); divided by (ii) the aggregate of the Revenue Receipts and the Principal Receipts calculated in such Mortgage Servicer Reports.
<b>"Interest Payment Date"</b>	means the 21st day of February, May, August and November in each year commencing on the First Interest Payment Date, <b>provided that</b> if any such day is not a Business Day, the Interest Payment Date shall be the immediately succeeding Business Day.
<b>"Interest Period"</b>	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).
<b>"Investment Company Act"</b>	means the United States' Investment Company Act of 1940, as amended.
<b>"Issuer"</b>	means Laclede Funding 2025-1 PLC (registered number 15912219), a public limited company incorporated under the laws of England and Wales, whose registered office is at 10th Floor 5 Churchill Place, London, Canary Wharf, United Kingdom, E14 5HU.
<b>"Issuer Accounts"</b>	means the Transaction Account and any Swap Collateral Account and <b>"Issuer Account"</b> 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 Covenants"</b>	means the covenants of the Issuer given under the Transaction Documents and as set out in the Incorporated Terms Memorandum.
<b>"Issuer Jurisdiction"</b>	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.

<b>"Issuer Principal Amount"</b>	means £395,439,000.00.
<b>"Issuer Profit Amount"</b>	means £250 on each Interest Payment Date, which shall 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.
<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>"Issuer Swap Amount"</b>	means on each Interest Payment Date (subject to being paid net of the Swap Provider Swap Amount), the amount the Issuer will pay to the Fixed Rate Swap Provider pursuant to the Fixed Rate Swap Agreement.
<b>"Issuer Security Power of Attorney"</b>	means the power of attorney granted by the Issuer in favour of the Trustee pursuant to the Deed of Charge
<b>"Issuer to Trustee Power of Attorney"</b>	means the power of attorney granted by the Issuer in favour of the Trustee pursuant to the Mortgage Sale Agreement.
<b>"Lead Manager"</b>	means Lloyds Bank Corporate Markets plc.
<b>"Legal Title Holder"</b>	means Nottingham Building Society in its capacity as the legal title holder of the Mortgage Loans and their Related Security.
<b>"Legal Title Holder Power of Attorney"</b>	means the power of attorney granted by the Legal Title Holder in favour of the Issuer and the Trustee on the Closing Date.
<b>"Legal Title Holder's Policies"</b>	means the originating, underwriting, administration, collections, arrears, exception and enforcement policies for repayment of the Mortgage Loans and their Related Security and the Lending Criteria, each as amended and/or replaced from time to time, and " <b>Legal Title Holder's Policy</b> " means any one of them.
<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>	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.
<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 <i>inter alia</i> correspondence between the Borrowers and the Legal Title Holder 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>"Loan Port"</b>	means the transfer by a Borrower of a Mortgage Loan from one Property to another Property in accordance with the relevant Mortgage Conditions.

"LTV", "LTV Ratio" or "loan-to-value ratio"	means the ratio (expressed as a percentage) of the Current 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.
"Main Market"	means the Main Market of the London Stock Exchange.
"MCD"	means the Mortgage Credit Directive published in the Official Journal of the European Union on 28 February 2018.
"MCD Order"	means the UK legislation transposing the MCD, which entered into force on 31 March 2016.
"MCOB"	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.
"Meeting"	means a meeting of Noteholders or Certificateholders of any class or classes (whether originally convened or resumed following an adjournment).
"Modification Certificate"	has the meaning given to it in Condition 17.2 ( <i>Additional Right of Modification</i> ).
"Monthly Payment"	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.
"Monthly Payment Date"	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.
"Monthly Testing Date"	means the date falling 5 Business Days following the final calendar day of a calendar month.
"Moody's"	means Moody's Investors Service Limited and includes any successor to its rating business.
"Mortgage"	means in respect of any Mortgage Loan, each first fixed charge by way of legal mortgage which secures the repayment of the relevant Mortgage Loan including the Mortgage Conditions applicable to it and together, the " <b>Mortgages</b> ".
"Mortgage Conditions"	means the terms and conditions applicable to a Mortgage Loan, as contained in the Legal Title Holder's Mortgage Conditions booklet for England and Wales as they may be applicable from time to time (unless otherwise stated).
"Mortgage Loan"	means a residential mortgage loan, secured by one or more Mortgages and other Related Security which is sold by the Seller to the Issuer pursuant to the Mortgage Sale Agreement on the Closing Date.
"Mortgage Portfolio"	means the portfolio of Mortgage Loans, 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, but excluding, from time to time, (for the avoidance of doubt) each Mortgage Loan and its Related Security which is

	reacquired by the Seller pursuant to the Mortgage Sale Agreement and in which the Issuer no longer has any beneficial interest.
<b>"Mortgage Servicer"</b>	means NBS in its capacity as mortgage servicer pursuant to the Mortgage Servicing Agreement or such other person as may from time to time be appointed as successor mortgage servicer of the Mortgage Loans pursuant to the Mortgage Servicing Agreement.
<b>"Mortgage Servicer Event"</b>	has the meaning given to this term on page 130.
<b>"Mortgage Servicer Power of Attorney"</b>	means the power of attorney granted by the Issuer in favour of the Mortgage Servicer on the Closing Date.
<b>"Mortgage Servicer Report"</b>	means a report to be provided by the Mortgage Servicer in respect of each calendar month in accordance with the terms of the Transaction Documents.
<b>"Mortgage Servicer Reporting Period"</b>	means the calendar month immediately preceding the related Mortgage Servicer Report.
<b>"Mortgage Services"</b>	means the mortgage administration services to be performed by the Mortgage Servicer pursuant to the Mortgage Servicing Agreement.
<b>"Mortgage Servicing Agreement"</b>	means the agreement so named dated on or about the Closing Date between the Issuer, the Mortgage Servicer, the Seller, the Trustee and the Back-Up Mortgage Servicer Facilitator.
<b>"Mortgage Servicing Policies"</b>	means the policies in relation to servicing of the Mortgage Loans as may be in place from time to time of the Mortgage Servicer.
<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>	has the definition given to it on page 42.
<b>"NBS"</b>	means Nottingham Building Society, a building society incorporated under the Building Societies Act 1986 whose principal office is at Nottingham House, 3 Fulforth Street, Nottingham NG1 3DL.
<b>"Non-Eligible LCR Loan"</b>	means a Mortgage Loan which is not of a type described in Article 13 of the LCR Regulation.
<b>"Non-Eligible Loan"</b>	means a Non-Eligible LCR Loan, a Non-Eligible Solvency II Loan or a Non-Eligible STS Loan.
<b>"Non-Eligible Solvency II Loan"</b>	means a Mortgage Loan which is not of a type described in the Solvency II Regulation.
<b>"Non-Eligible STS Loan"</b>	means a Mortgage Loan which is not compliant with the UK STS Requirements or Article 243 of the UK CRR.
<b>"Non-Responsive Rating Agency"</b>	means: <ul style="list-style-type: none"> <li>(a) a Rating Agency which indicates that it does not consider a requested Ratings Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Ratings Confirmation or response; or</li> <li>(b) a Rating Agency which has not responded to a request for a Ratings Confirmation within 30 days of delivery of such request.</li> </ul>

<b>"Note Principal Payment"</b>	<p>means, on any Interest Payment Date:</p> <p>(a) in the case of each Class A Note, an amount equal to the lesser of the amount of Available Issuer 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, divided by the number of outstanding Class A Notes; and</p> <p>(b) in the case of each Class Z Note, an amount equal to the lesser of the Available Issuer 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, divided by the number of outstanding Class Z Notes,</p> <p>in each case rounded down, if necessary, to the nearest Minimum Denomination.</p>
<b>"Note Rate"</b>	<p>means, for each Interest Period:</p> <p>(c) in respect of the Floating Rate Notes, Compounded Daily SONIA determined as at the related Interest Determination Date plus the Relevant Margin in respect of such class, <b>provided that</b> the Note Rate shall at all times be greater than or equal to zero; and</p> <p>(d) in respect of the Fixed Rate Notes, the fixed percentage as set out in the Conditions.</p>
<b>"Noteholders"</b>	<p>means the Class A Noteholders, the Class X Noteholders and the Class Z Noteholders or, where the context otherwise requires, the holders of Notes of a particular class or classes.</p>
<b>"Notes"</b>	<p>means the Class A Notes, the Class X Notes and the Class Z Notes, and <b>"Note"</b> means any of them.</p>
<b>"Notices Condition"</b>	<p>means Condition 22 (<i>Notices</i>) or Certificate Condition 21 (<i>Notices</i>).</p>
<b>"Notional Reset Date"</b>	<p>means, in respect of a Swap Calculation Period the first Business Day of the calendar month in which such Swap Calculation Period commences.</p>
<b>"Observation Period"</b>	<p>means the period from and including the date falling five Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling five Business Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five Business Days prior to any other date on which a payment of interest is to be made in respect of the Notes).</p>
<b>"Offer Conditions"</b>	<p>means the terms and conditions applicable to a specified Mortgage Loan as set out in the relevant offer letter to the Borrower.</p>
<b>"Official List"</b>	<p>means the official list maintained by the FCA under Section 74 of FSMA.</p>
<b>"OFT"</b>	<p>means the Office of Fair Trading in the UK.</p>

<b>"Ombudsman"</b>	means the Financial Ombudsman Service.
<b>"Optional Redemption Date"</b>	means the Interest Payment Date falling in May 2030.
<b>"Ordinary Resolutions"</b>	means a resolution passed at a Meeting duly convened and held in accordance with the Provisions for Meetings by a clear majority of persons eligible to attend and vote at such meeting and voting at that meeting upon a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll.
<b>"Original Collection Account Declaration of Trust"</b>	means the trust declared over the Collection Accounts on 15 July 2016.
<b>"Original NBS Beneficiary"</b>	means NBS in its capacity as beneficiary of the Original Collection Account Declaration of Trust.
<b>"outstanding"</b>	means, in relation to a Class of Notes or Certificates, all the Notes or Certificates of that Class which have been issued except: <ul style="list-style-type: none"> <li>(a) those which have been redeemed in full in accordance with the conditions;</li> <li>(b) those in respect of which the date for redemption in full has occurred and the full amount of redemption moneys (including all interest accrued on such Notes or Certificates to the date for such redemption and any interest payable under the conditions after such date) have been duly paid to the Trustee or to the Principal Paying Agent as provided in the Trust Deed (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with Condition 22 (<i>Notices</i>) or to the Certificateholders in accordance with Certificate Condition 21 (<i>Notices</i>)) and remain available for payment against presentation and surrender of Notes or Certificates;</li> <li>(c) those which have become void or in respect of which claims have become prescribed;</li> <li>(d) those mutilated or defaced Notes or Certificates which have been surrendered or cancelled and those Notes or Certificates which are alleged to have been lost, stolen or destroyed and in all cases in respect of which replacement Notes or Certificates have been issued pursuant to the conditions; and</li> <li>(e) any Global Note or Global Certificate to the extent that it shall have been exchanged for the related Definitive Notes or Definitive Certificates pursuant to the provisions contained therein and the conditions,</li> </ul>

**provided that** for each of the following purposes:

- (i) ascertaining the right to attend and vote at any meeting of the Noteholders or Certificateholders;
- (ii) the determination of how many Notes or Certificates are outstanding for the purposes of Condition 13 (*Events of Default*) or Certificate Condition 12 (*Events of Default*), Condition 14 (*Enforcement*) or Certificate Condition 13 (*Enforcement*) and Condition 15 (*Meetings of Noteholders, Modification, Waiver and Substitution*) or Certificate Condition 16 (*Meetings of Certificateholders, Modification, Waiver and Substitution*) and Schedule 7 (*Provisions*)



*for Meetings of Noteholders and Certificateholders)*  
to the Trust Deed;

- (iii) the exercise of any discretion, power or authority which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders or Certificateholders or any Class of them; and
- (iv) the determination by the Trustee of whether any event or potential event is or would be materially prejudicial to the interests of the Noteholders or Certificateholders or any Class of them,

those Notes or Certificates which are beneficially held by, on behalf of or for the benefit of the Issuer, the Seller, any holding company as defined in section 1159 of the Companies Act 2006 ("**Holding Company**") of the Issuer or Seller or any other subsidiary as defined in section 1159 of the Companies Act 2006 ("**Subsidiary**") of either such Holding Company (each such entity a "**Relevant Person**"), in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding or in issue, except where all of the Notes or Certificates of any Classes are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Classes of Notes or Certificates (the "**Relevant Class**") shall be deemed to remain outstanding or in issue (as the case may be) except that, if there is any other Class of Notes or Certificates ranking (with regard to the definition of Most Senior Class) *pari passu* with, or junior to, the Relevant Class and one or more Relevant Persons are not the beneficial owners of all the Notes of such Class, then the Relevant Class shall be deemed not to remain outstanding and **provided that** in relation to a matter relating to a Reserved Matter, any Notes or Certificates which are for the time being held by or on behalf of or for the benefit of a Relevant Person, in each case as beneficial owner, shall be deemed to remain outstanding or in issue, as applicable.

**"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.

**"p.a."**

means per annum.

**"Participants"**

has the meaning given to this term on page 157.

**"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, the Swap Collateral Account Payments Priority and the Post-Enforcement Payments Priority.

**"Payment Holiday"**

means the period of time that a Borrower under a Mortgage Loan refrains from making payments of interest and principal on his Mortgage Loan as expressly permitted by the terms of the Issuer's Mortgage Loan or agreed by the Mortgage Servicer (other than, for the

avoidance of doubt, any period of time that a Borrower refrains from making payments of interest and principal on his Mortgage Loan as agreed with the Mortgage Servicer in accordance with the Mortgage Charter or other analogous or replacement regulatory obligation).

<b>"Perfection Event"</b>	has the meaning given to it on page 116.
<b>"Perfection Notice"</b>	means a notice in writing from the Issuer (or upon or following delivery of an Enforcement Notice, the Trustee) to the Seller (with a copy to the Trustee or to the Issuer, as the case may be) requiring the Seller to complete the transfer of the legal title to the Mortgage Loans following a Perfection Event and pursuant to the Mortgage Sale Agreement.
<b>"Performing Balance"</b>	means in relation to a Fixed Rate Loan and an Interest Period, an amount (if any) in Sterling equal to the product of (i) the average daily Current Balance of such Fixed Rate Loan during the Calculation Period ending in the relevant Interest Period; and (ii) the result of (a) the interest actually paid by the relevant Borrower during that Calculation Period divided by (b) the interest due and payable by the relevant Borrower during that Calculation Period. For the avoidance of doubt, Fixed Rate Loan as used in this definition includes Fixed Rate Loans which have become a Fixed Rate Loan after being subject to a Product Switch.
<b>"Permitted Variation"</b>	means any variation in the terms and conditions applicable to a Loan relating to or as a result of: <ul style="list-style-type: none"> <li>(a) an addition or release of a party to the Mortgage Loan <b>provided that</b> relevant standard Know Your Client and Anti-Money Laundering procedures of the Seller have been carried out in relation to any additional Borrower(s);</li> <li>(b) an agreement with a Borrower to prevent, control or manage arrears or anticipated arrears on the Mortgage Loan;</li> <li>(c) (i) a requirement of applicable law, statute, regulation, rule, regulatory guidance or similar or (ii) any applicable guidance or recommendation which a Prudent Mortgage Lender would comply with or seek to implement (including, for the avoidance of doubt, the Mortgage Charter and anything similar or comparable);</li> <li>(d) the frequency with which the interest payable in respect of the Mortgage Loan is changed; or</li> <li>(e) an extension to the maturity date of the Mortgage Loan (unless the maturity date would be extended to a date later than two years before the Final Maturity Date of the Notes in which case such variation would constitute a Product Switch).</li> </ul>
<b>"Portfolio Purchase Option Completion Date"</b>	means the Interest Payment Date on which the sale and transfer of the Portfolio Purchase Option Loans and their Related Security pursuant to the exercise of the Portfolio Purchase Option is expected to be completed pursuant to the terms of the Deed Poll.
<b>"Portfolio Purchase Option Holder"</b>	means the holder of the majority Certificates, or its representative and nominee.
<b>"Portfolio Purchase Option Loans"</b>	means all (but not some) of the Mortgage Loans and their Related Security in relation to which the Portfolio Purchase Option Holder may require the Issuer to sell to the Portfolio Purchase Option Holder and/or

its representative nominees in accordance with the provisions of the Deed Poll.

<b>"Portfolio Purchase Option Purchase Price"</b>	<p>means the sum of:</p> <ul style="list-style-type: none"> <li>(a) the aggregate Principal Amount Outstanding of the Notes plus accrued and unpaid interest thereon calculated as at the Interest Payment Date on which purchase pursuant to the Portfolio Purchase Option, Condition 9.3 (<i>Optional Redemption pursuant to 10 per cent. clean-up call</i>), or Condition 9.4 (<i>Optional Redemption in whole for taxation reasons</i>) (as applicable) is expected to be completed (other than any Certificate Payments); <i>plus</i></li> <li>(b) any fees, costs, amounts and expenses of the Issuer that are, or are expected to become payable in the Post-Enforcement Payments Priority; <i>less</i></li> <li>(c) any amounts standing to the credit of the Transaction Account as at the Portfolio Purchase Option Completion Date.</li> </ul>
<b>"Portfolio Reference Date"</b>	means 30 November 2024.
<b>"Post-Enforcement Issuer Amounts"</b>	has the meaning given to this term on page 153.
<b>"Post-Enforcement Payments Priority"</b>	means the order of priority of payments named as such and set out for reference on page 153.
<b>"Potential Event of Default"</b>	means any condition, act or 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>"PRA Rulebook"</b>	means the rulebook of published policy of the PRA.
<b>"PRA Securitisation Rules" or "PRASR"</b>	means the Securitisation Part of the PRA Rulebook.
<b>"Pre-Enforcement Payments Priorities"</b>	means the Pre-Enforcement Revenue Payments Priorities and the Pre-Enforcement Principal Payments Priorities.
<b>"Pre-Enforcement Principal Payments Priorities"</b>	means the order of priority of payments named as such and set out for reference on page 153.
<b>"Pre-Enforcement Revenue Payments Priorities"</b>	means the order of priority of payments named as such and set out for reference on page 151.
<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 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 Issuer Principal used to pay a Remaining Revenue Shortfall.
<b>"Principal Losses"</b>	means all realised losses arising in relation to a Mortgage Loan (including any Set-Off Losses).
<b>"Principal Paying Agent"</b>	means Citibank, N.A., London 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>	means: <ul style="list-style-type: none"> <li>(a) any payment in respect of principal received in respect of any Mortgage Loan (including payments of arrears of principal, Capitalised Arrears, capitalised fees and expenses and Overpayments);</li> <li>(b) any payment received in respect of any claim under an Insurance Policy in respect of a Property in connection with a Mortgage Loan;</li> <li>(c) recoveries of principal on redemption (including partial redemption) of any Mortgage Loan;</li> <li>(d) recoveries of principal from defaulting Borrowers on enforcement of any Mortgage Loan (including deriving from the proceeds of sale of the relevant Property);</li> <li>(e) the principal component of any Repurchase Price; and</li> <li>(f) any other payments received in respect of the Mortgage Loans which are not classified as Revenue Receipts.</li> </ul>
<b>"Product Period"</b>	has the definition given to it on page 93.
<b>"Product Switch"</b>	means any variation to the financial terms and conditions applicable to a Loan: <ul style="list-style-type: none"> <li>(a) relating to: <ul style="list-style-type: none"> <li>(i) the period of the applicable rate of interest applied to a Mortgage Loan; and/or</li> <li>(ii) the final maturity date of a Mortgage Loan; or</li> </ul> </li> <li>(b) which constitutes a switch to a different product type;</li> </ul> <p>other than where such variation is a Permitted Variation.</p>
<b>"Product Switch Asset Warranties"</b>	means the following Asset Warranties: (a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), (v), (y) (z), (aa), (dd), (hh), (jj), (kk), (mm), (nn) and (oo).
<b>"Product Switch Conditions"</b>	has the meaning given to this term on page 129.

<b>"Product Switch Date"</b>	means the date on which a Product Switch change is made in relation to a Mortgage Loan and flagged as such on the systems of the Legal Title Holder.
<b>"Product Switch Loan"</b>	means a Mortgage Loan which has been subject to a Product Switch.
<b>"Property"</b>	means a freehold, leasehold or commonhold property which is subject to a Mortgage.
<b>"Prospectus"</b>	means this Prospectus of the Issuer for the purposes of the UK Prospectus Regulation.
<b>"Provisions for Meetings"</b>	has the meaning given to that term in the Condition 16.
<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>"Purchase Price"</b>	means in relation to a Mortgage Loan an amount equal to the aggregate of (i) the Initial Consideration and (ii) Deferred Consideration.
<b>"Purchaser"</b>	has the meaning given to this term on page 116.
<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 Transaction Document in the ordinary course of its business; and</li> <li>(b) at all times has the Account Bank Required Rating.</li> </ul>
<b>"Rating Agencies"</b>	means Fitch and Moody's and <b>"Rating Agency"</b> means any one of them.
<b>"Ratings Confirmation"</b>	has the meaning given to this term on page 8.
<b>"Realisation"</b>	has the meaning given to this term in Condition 10 ( <i>Limited Recourse</i> ).
<b>"Receiver"</b>	means any receiver, manager or administrative receiver appointed in respect of the Issuer by the Trustee in accordance with 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 Mortgage Servicer Reports; less (ii) the Principal Receipts in respect of such Determination Period as determined in accordance with Condition 8.11(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 Legal Title Holder 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.

- "Registrar"** means the party responsible for the registration of the Notes which at the Closing Date is Citibank, N.A., London Branch acting in such capacity pursuant to the Agency Agreement.
- "Regulated Activities Order"** means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended).
- "Regulated Mortgage Contract"** 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 EEA; 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.
- "Regulation S" or "Reg S"** means Regulation S under the Securities Act.
- "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 including (without limitation):
- (a) the benefit of all affidavits, consents, renunciations, guarantees, indemnities, waivers and postponements (including, without limitation, deeds of consent and deeds of postponement) from occupiers and other persons having an interest in or rights in connection with the relevant Property;
  - (b) each right of action of the Legal Title Holder against any person (including, without limitation, any solicitor, licensed conveyancer, qualified conveyancer, valuer, registrar or registry or other person) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion (including, without limitation, each certificate of title and valuation report) given or received in connection with all or part of any Mortgage Loan and its Related Security or affecting the decision of the Legal Title Holder to make or offer to make all or part of the relevant Mortgage Loan; and
  - (c) the benefit of (including, without limitation, the rights as the insured person under and as notations of interest on, and returns of premium and proceeds of claims under) insurance and assurance policies (including, the Buildings Policies) deposited, charged, obtained, or held in connection with the relevant Mortgage Loan, Mortgage and/or Property and Loan Files.
- "Relevant Margin"** means in respect of an Interest Period:
- (a) for the Class A Notes, 0.55 per cent. per annum for each Interest Period up to and excluding the Interest Period commencing on the Step-Up Date and thereafter 0.825 per cent. per annum;
  - (b) for the Class X Notes, 0.00 per cent. per annum for each Interest Period; and
  - (c) for the Class Z Notes, 0.00 per cent. per annum for each Interest Period.

<b>"Relevant Screen Page"</b>	means the Reuters screen SONIA page (or any replacement thereto).
<b>"Remaining Revenue Shortfall"</b>	means for each Calculation Date, the extent, if any, by which Available Issuer Revenue (excluding for these purposes the amount referred to in paragraph (f) in the definition thereof) is insufficient to pay items (a) to (f) of the Pre-Enforcement Revenue Payments Priorities in full.
<b>"Remediation Claim"</b>	<p>means the Borrower, the Seller or Mortgage Servicer:</p> <ul style="list-style-type: none"> <li>(d) being required or requested by any Governmental Authority; or</li> <li>(e) otherwise agreeing,</li> </ul> <p>to make redress to or otherwise compensate any obligor in relation to any breach by the Seller or Mortgage Servicer of any Requirement of Law.</p>
<b>"Repayment Loan"</b>	means a Mortgage Loan where the Borrower makes monthly payments of both interest and principal so that, when the Mortgage Loan matures, the full amount of the principal of the Mortgage Loan will have been repaid.
<b>"Replacement Interest Rate Fixed Rate Swap Agreement"</b>	means an agreement between the Issuer and a replacement swap provider to replace the Fixed Rate Swap Agreement.
<b>"Replacement Swap Premium"</b>	means in respect of the Fixed Rate Swap, an amount received by the Issuer from a replacement swap provider or an amount paid by the Issuer to a replacement swap provider upon entry by the Issuer into a Replacement Interest Rate Fixed Rate Swap Agreement, with such replacement swap provider.
<b>"Repurchase Event"</b>	<p>means each of the following events:</p> <ul style="list-style-type: none"> <li>(a) there is breach of an Asset Warranty in relation to a Mortgage Loan (a "<b>Breach of Warranty Repurchase Event</b>") which, if capable of rectification, is not rectified within 30 calendar days; or</li> <li>(b) either: <ul style="list-style-type: none"> <li>(i) the Seller agrees to make a Further Advance to a Borrower; or</li> <li>(ii) the Seller agrees to make a Loan Port in respect of a Mortgage Loan; or</li> <li>(iii) the Seller agrees to a Payment Holiday; and</li> </ul> </li> <li>(c) the Seller has determined on any Calculation Date that a Mortgage Loan is a Significant Deposit Loan as at the immediately preceding Monthly Testing Date.</li> </ul>
<b>"Reserved Matter"</b>	<p>means any proposal:</p> <ul style="list-style-type: none"> <li>(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</li> </ul>

any payment in respect of the Notes of any class (other than any Base Rate Modification or Swap Rate Modification);

- (b) (except in accordance with Condition 21 (*Substitution of Issuer*) and as may be set out in 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 or the Certificates are payable;
- (d) to alter the priority of payment of interest or principal in respect of the Notes of any Class or in respect of payments under the Certificates;
- (e) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution;
- (f) sanction any waiver of any proposed or actual breach of any of the covenants (including any Event of Default or Potential Event of Default) or provisions contained in or arising pursuant to the Conditions, the Certificate Conditions or any of the Transaction Documents by any party thereto which would have the effect of any of the foregoing; or
- (g) to amend this definition.

**"Revenue Surplus"**

means for each Calculation Date relating to an Interest Payment Date following the Step-Up Date, the amount, if any, by which Available Issuer Revenue exceeds the aggregate amount payable by the Issuer under items (a) to (k) (inclusive) of the Pre-Enforcement Revenue Payments Priorities.

**"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.

**"Revenue Receipts"**

means payments received by the Seller 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 from defaulting Borrowers under Mortgage Loans in respect of which enforcement procedures have been completed;
- (d) such proportion of any received 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); and

- (e) any Early Repayment Charges which have been paid by Borrowers in respect of the Mortgage Loans,

*less* amounts collected during the related Calculation Period which properly belong to third parties including (but not limited to):

- (i) payments of certain insurance premia where such cash amounts have been paid by the relevant Borrower and form part of Revenue Receipts;
- (ii) 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
- (iii) 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 Legal Title Holder,

(such amounts, including items (i), (ii) and (iii) above being collectively referred to herein as "**Third Party Amounts**").

<b>"Revenue Shortfall"</b>	means for each Calculation Date, the amount, if any, by which Available Issuer Revenue (excluding for these purposes any amounts referred to in paragraphs (d), (e) and (f) in the definition thereof) is insufficient to pay items (a) to (g) of the Pre-Enforcement Revenue Payments Priorities in full.
<b>"Risk Retention US Persons"</b>	means any " <b>US Person</b> " as defined in the US 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 Custodian, the Mortgage Servicer, the Back-Up Mortgage Servicer Facilitator, the Cash Manager, the Seller, the Legal Title Holder, the Noteholders, the Certificateholders, any Receiver or Appointee appointed by the Trustee, the Agent Bank, the Paying Agents, the Registrar, and the Fixed Rate Swap Provider.
<b>"Securities Act"</b>	means the United States Securities Act of 1933, as amended.
<b>"Securitisation Repository"</b>	means European DataWarehouse Limited, being an entity appearing on the register of securitisation repositories maintained by the FCA pursuant to Regulation 17 of the SR 2024.

<b>"Security"</b>	means the security granted by the Issuer to the Trustee under and pursuant to the Deed of Charge in favour of the Secured Creditors.
<b>"Security Powers of Attorney"</b>	means each Seller Power of Attorney and the Issuer to Trustee Power of Attorney.
<b>"SECN"</b>	means the securitisation sourcebook of the FCA Handbook.
<b>"Seller"</b>	means Nottingham Building Society in its capacity as Seller under the Mortgage Sale Agreement.
<b>"Seller Powers of Attorney"</b>	means the powers of attorney granted by the Seller in favour of each of the Issuer and the Trustee on the Closing Date.
<b>"Seller Senior Officers"</b>	means those senior managers of the Seller responsible for treasury, mortgage origination, servicing and credit risk, who have also signed off on the Asset Warranties.
<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 Priority (as applicable).
<b>"Set-Off Losses"</b>	means any reduction in Principal Receipts as a result of Borrowers exercising set-off rights against the Legal Title Holder.
<b>"Share Trust Deed"</b>	means the declaration of trust dated 11 November 2024 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 5 Churchill Place, 10 <sup>th</sup> Floor, London, England, E14 5HU.
<b>"Significant Deposit Loan"</b>	means a Mortgage Loan where the Borrower has a deposit holding with the Legal Title Holder which exceeds the maximum deposit limit covered under the Financial Services Compensation Scheme.
<b>"SONIA"</b>	means the Sterling Overnight Index Average.
<b>"SONIA Reference Rate"</b>	means in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average (" <b>SONIA</b> ") rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately following such Business Day), <b>provided that:</b>
	(a) if, in respect of any relevant Business Day, the Agent Bank determines that the SONIA Reference Rate is not available on the Relevant Screen Page and 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 " <b>Bank Rate</b> ") prevailing at close of business on the relevant Business Day; <i>plus</i> (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; and

- (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, subject to receiving written instructions from the Issuer and to the extent that it is reasonably practicable with the Agent Bank's prior agreement, follow such guidance in order to determine SONIA<sub>i-5LBD</sub> for so long as the SONIA Reference Rate is not available on the Relevant Screen Page and has not otherwise been published by the authorised distributors.

**"Specified Office"** means the specified office of an Agent, as set out in the Transaction Documents or as may be otherwise specified from time to time.

**"SPV Criteria"** means the criteria established from time to time by the Rating Agencies for a single purpose company in the relevant Issuer Jurisdiction.

**"SR 2024"** means the UK's Securitisation Regulations 2024 (SI 2024/102).

**"SR Equivalency Date"** means the date on which the Seller certifies to the Issuer and the Trustee that a competent EU authority has confirmed that: (i) the satisfaction of the UK Risk Retention Requirement will also satisfy the EU Risk Retention Requirement due to the application of an equivalency regime or similar analogous concept; or (ii) the satisfaction of any other obligation under the UK Securitisation Framework including, without limitation, Articles 5 and 7 of Chapter 2 of the PRA Securitisation Rules and SECN 4 and SECN 6) will also satisfy the equivalent provisions of the EU Securitisation Regulation due to the application of an equivalency regime or similar analogous concept, in each case, as applicable to the applicable obligation under the UK Securitisation Framework.

**"SR Website"** means the website of the Securitisation Repository, being <https://eurodw.co.uk/> or such other website from time to time which complies with the requirements set out in Article 7(2) of Chapter 2 of the PRA Securitisation Rules and Article 7 (2) of the EU Securitisation Regulation.

**"Standard Documentation"** means the standard documentation of the Legal Title Holder in relation to the origination of the Mortgage Loans, or any update or replacement therefor as permitted by the terms of the Mortgage Sale Agreement

**"Standard Variable Rate"** has the meaning given to this term on page 92.

**"Step-Up Date"** means the Interest Payment Date falling in May 2030.

**"Sterling" and "£"** denote the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

**"Stock Exchange"** means the London Stock Exchange plc.

**"STS Assessments"** means: (a) the STS Verification and (b) an assessment by PCS of in connection with the compliance of the Notes with the relevant provisions of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017, amending Article 243 of Regulation (EU) No 575/2013 on prudential requirements for credit

	institutions and investment firms as it forms part of domestic law of the United Kingdom by virtue of the EUWA.
<b>"STS Criteria"</b>	means SECN 2.2.2R to SECN 2.2.9R of the UK STS Requirements.
<b>"STS Notification"</b>	means a notification to the FCA made in accordance with SECN 2.5.
<b>"STS Securitisation"</b>	means a securitisation which is designated as being "simple, transparent and standardised" pursuant to the UK STS Requirements.
<b>"STS Verification"</b>	means the assessment by the Authorised Verification Agent in connection with the compliance of the Notes with the STS Criteria.
<b>"Subscription Agreement"</b>	means the agreement so named dated on or about 3 February 2025 between the Issuer, the Seller, the Arranger and the Lead Manager.
<b>"Substituted Obligor"</b>	means a single purpose company that meets the SPV Criteria.
<b>"Swap Calculation Period"</b>	means, in respect of the Fixed Rate Swap Agreement and the Fixed Rate Swap, the relevant Calculation Period (as defined in the Fixed Rate Swap Agreement) under the Fixed Rate Swap.
<b>"Swap Collateral"</b>	means, in respect of each Fixed Rate Swap Agreement, the collateral provided by the Fixed Rate Swap Provider to the Issuer from time to time pursuant and subject to the terms of the Fixed Rate Swap Agreement and includes any interest and distributions in respect thereof.
<b>"Swap Collateral Account"</b>	means each swap collateral account or accounts opened by the Issuer and maintained with the Account Bank or the Custodian (as applicable) for the purposes of posting Swap Collateral.
<b>"Swap Collateral Account Payments Priority"</b>	has the meaning given to it on page 148.
<b>"Swap Collateral Account Surplus"</b>	means in respect of a Swap Collateral Account, the amounts to be transferred to the Transaction Account to be applied as Available Issuer Revenue pursuant to the Swap Collateral Account Payments Priority.
<b>"Swap Collateral Ledger"</b>	means the ledger to be maintained by the Cash Manager in relation to recording Swap Excluded Receipts.
<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; (c) termination payments to the extent such payment can be funded from Swap Excluded Receipts; or (d) Replacement Swap Premiums 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> </ul>

- (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 Interest Rate Fixed Rate Swap Agreement.

<b>"Swap Provider Default"</b>	means the occurrence of an Event of Default (as defined in the Fixed Rate Swap Agreement) where the Fixed Rate Swap Provider is the Defaulting Party (as defined in the Fixed Rate Swap Agreement).
<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 within the relevant timeframes 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(h) ( <i>Additional Right of Modification</i> ).
<b>"Swap Rate Modification Certificate"</b>	has the meaning given to it in Condition 17.2(h) ( <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 (c) in the Post-Enforcement Payments Priority (as applicable).
<b>"Swap Tax Credits"</b>	means in respect of each Fixed Rate Swap Agreement, any credit, allowance, set-off or repayment in respect of tax received by the Issuer 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.
<b>"Tax Deduction"</b>	means any deduction or withholding for or on account of Tax.
<b>"The Act"</b>	means the Building Societies Act 1986.
<b>"Transaction"</b>	means each of the transactions in the series of transactions contemplated by the Transaction Documents and <b>"Transactions"</b> means all of them.
<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, the Account Bank Agreement, the Custody Agreement, the Cash Management Agreement, the Collection Account Declaration of Trust, the Corporate Services Agreement, the Deed of Charge, the Deed Poll, the Mortgage Sale Agreement, each Security Power of Attorney, the Legal Title Holder Power of Attorney, the Mortgage Servicing Agreement, the Fixed Rate Swap Agreement, the Trust Deed, the Incorporated Terms Memorandum and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes, and <b>"Transaction Document"</b> means any of the above.
<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>"Treaty"</b>	means the treaty establishing the European Community, as amended.
<b>"Trust Deed"</b>	means the deed so named (including the Conditions, the Certificate Conditions, the Certificates and the Notes) dated on or about the Closing Date between the Issuer and the Trustee constituting the Notes, the Certificates 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 the provisions of the Trust Deed or the Deed of Charge (as applicable).
<b>"Trustee"</b>	means Citicorp Trustee Company Limited, acting through its principal office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB 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>"UCP"</b>	means the Unfair Commercial Practices Directive which took effect on 11 May 2005.
<b>"Uinsure "</b>	means Uinsure Ltd, a limited company with registered office at XYZ Building, Hardman Boulevard, Manchester, England, M3 3AQ and registered number 06046870, with the principal activity of general insurance products intermediation.
<b>"UK Affected Investor"</b>	means each of UK-regulated credit institutions, UK-regulated investment firms, certain alternative investment fund managers, UK-regulated insurers or reinsurers, certain investment companies authorised in accordance with Directive 2009/65/EC as implemented by the Undertakings for Collective Investment in Transferable Securities Regulations 2011 (SI 2011/1613), managing companies as defined in Directive 2009/65/EC as implemented by the Undertakings for Collective Investment in Transferable Securities Regulations 2011 (SI 2011/1613), institutions for occupational retirement provision falling within the scope of Directive (EU) 2016/2341 as implemented by the Occupational Pension Schemes (Cross Border Activities) (Amendment) Regulations 2018 and the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018 (subject to certain exceptions), and certain investment managers and authorised entities appointed by such institutions subject thereto.
<b>"UK CRA Regulation"</b>	means the EU CRA Regulation (as amended) as it forms part of the domestic law of the United Kingdom by virtue of the EUWA.
<b>"UK CRA3 Requirements"</b>	means the requirements of the UK CRA Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the UK CRA Regulation and the Commission Delegated Regulation 2015/3 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA (including, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), as amended from time to time.
<b>"UK CRR"</b>	means Regulation (EU) No. 575/2013 as amended by the UK CRR Amending Regulation as it forms part of domestic law of the United Kingdom by virtue of the EUWA.

<b>"UK CRR Amending Regulation"</b>	means Regulation (EU) 2017/2402 as it forms part of domestic law of the United Kingdom by virtue of the EUWA.
<b>"UK EMIR"</b>	means the European Market Infrastructure Regulation (EU) No. 648/2012, as it forms part of the domestic law of the United Kingdom by virtue of the EUWA.
<b>"UK GDPR"</b>	means the General Data Protection Regulation (EU) 2016/679, as it forms part of the domestic law of the United Kingdom by virtue of the EUWA.
<b>"UK MIFIR"</b>	means Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA as amended.
<b>"UK PRIIPs Regulation"</b>	means Regulation (EU) No 1286/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA.
<b>"UK Prospectus Regulation"</b>	means Regulation (EU) 2017/1129, as it forms part of the domestic law of the United Kingdom by virtue of the EUWA, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as it forms part of domestic law of the United Kingdom by virtue of the EUWA.
<b>"UK Quarterly Investor Report"</b>	means the quarterly report prepared by the Cash Manager in accordance with the Cash Management Agreement.
<b>"UK Quarterly Loan Level Data Tape"</b>	means a UK quarterly loan level data tape to be provided and published by the Mortgage Servicer in respect of each Calculation Period in accordance with the terms of the Mortgage Servicing Agreement.
<b>"UK Risk Retention Requirements"</b>	means the requirements of Article 6(1) of Chapter 2 of the PRA Securitisation Rules.
<b>"UK Securitisation Framework"</b>	means SR 2024, SECN, and PRASR, together with the relevant provisions of FSMA.
<b>"UK STS Requirements"</b>	means Part 4 of the SR 2024 together with SECN 2.
<b>"United Kingdom" or "UK"</b>	means the United Kingdom of Great Britain and Northern Ireland.
<b>"US Persons"</b>	means US Persons as defined in Regulation S under the Securities Act.
<b>"US Risk Retention Rules"</b>	means the rules promulgated under Section 15 of the US Securities Exchange Act of 1934
<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 Legal Title Holder 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 Legal Title Holder.
<b>"Valuer"</b>	means an independent valuer (being a fellow or associate of the Royal Institution of Chartered Surveyors).
<b>"VAT"</b>	means: <ul style="list-style-type: none"> <li>(a) value added tax imposed by VATA and legislation and regulations supplemental thereto;</li> </ul>

- (b) 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) and
- (c) any other tax of a similar nature, whether imposed in the United Kingdom or a member state of the European Union in substitution for, or levied in addition to, such tax referred to in (a) or (b) above, or elsewhere.

**"VATA"** means the Value Added Tax Act 1994.

**"Volcker Rule"** means Section 13 of the Bank Holding Company Act of 1956, as amended.

**"Written Resolution"** means a resolution in writing signed by or on behalf of holders of not less than 75% of the Principal Amount Outstanding of Notes of the relevant Class or of the number of Certificates then outstanding (as applicable), 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 or Certificates (as applicable).



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