

**STS Term Verification Checklist**  
**PERMANENT MASTER ISSUER PLC**  
**Issue of Series 2024-1**



PRIME COLLATERALISED SECURITIES (PCS) UK LIMITED

8<sup>th</sup> January 2024

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his is the STS Term Checklist for STS Term Verifications.

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

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

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

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

**8<sup>th</sup> January 2024**

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

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

## PRIME COLLATERALISED SECURITIES (PCS) STS Verification

Individual(s) undertaking the assessment	Fazel Ahmed
Date of Verification	8 January 2024
<b>The transaction to be verified (the "Transaction")</b>	<b>Issue of Series 2024-1, PERMANENT MASTER ISSUER PLC</b>
Issuer	PERMANENT MASTER ISSUER PLC
Originator	Bank of Scotland plc
Lead Manager(s)	Lloyds Bank Corporate Markets, Santander Corporate & Investment Banking, Citigroup Global Markets Limited, Standard Chartered Bank
Transaction Legal Counsel	Allen & Overy LLP
Rating Agencies	Moody's and Fitch
Stock Exchange	London Stock Exchange
Closing Date	8 January 2024

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

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

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

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

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

<b>1</b>	<p><b>STS Criteria</b></p> <p>1. The title to the underlying exposures shall be acquired by the SSPE by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party.</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See section, Sale of the loans and their related security – Legal assignment of the loans to the mortgages trustee and Sale of loans and their related security to the mortgages trustee on the sale dates.</p> <p>See Risk Factors – There may be risks associated with the fact that the mortgages trustee has no legal title to the loans and their related security, which may adversely affect payments on the notes.</p> <p><i>Confirmation of true sale i.e. enforceability of assignment, an assessment of the re-characterisation risks is made in the Legal Opinion.</i></p> <p><i>PCS has been provided with and reviewed the legal opinions provided by Allen &amp; Overy LLP and CMS Cameron McKenna Nabarro Olswang LLP.</i></p> <p><i>“True sale” is not a legal concept but a rating agency creation.</i></p> <p><i>The essence of a “true sale” is that the property in the securitised assets has legally moved from the originator(s)/seller to the SSPE in such a way that the SSPE’s ownership will be recognised as a matter of law, including and especially in the case of the insolvency of the originator(s)/seller. In a “true sale” the insolvency officer and creditors of the insolvent originator/seller are not able to satisfy the claims of the originator/seller’s creditor out of the proceeds of the securitised assets. Following a “true sale” there is no legal device by which the assets can automatically revert to the originator/seller’s ownership. Such automatic reversion is associated with security interests and anathema to a “true sale”.</i></p> <p><i>This is clearly stated in the wording of the Regulation (20.1). The expression “transfer to the same effect” indicates that, as long as the conditions in the preceding paragraph are met, the Regulation does not seek to limit the type of legal devices which can be used to effect such transfer of title.</i></p> <p><i>The issue of “true sale” is separate from the issue of “clawback”. “Clawback” refers to legal processes through which, in the insolvency of the seller of an asset, an insolvency officer is entitled to reverse the sale – even in cases where a “true sale” has taken place.</i></p> <p><i>All European jurisdictions to PCS’ knowledge, have rules allowing for clawbacks. Clawbacks are usually rules to avoid a company heading towards insolvency from “defrauding” its existing creditors either by selling assets at very low prices (to friends and relations) or unfairly preferring certain creditors over others.</i></p> <p><i>The Regulation (20.1) therefore does not require STS “true sales” to be fully clawback-proof since this would mean that no European securitisation could ever be STS. It does require the sale not to be subject to “severe clawback”. The Regulation does not define “severe clawback” but gives an example (20.2) where a clawback may occur.</i></p> <p><i>The Regulation (20.3) also explicitly excludes from the definition of “severe clawback” the traditional European basis for such devices which all come under the general category of “preferences”.</i></p> <p><i>PCS further notes that the examples (20.2 and 20.3) refer to the insolvency law of a jurisdiction and therefore believes that clawback risk is to be assessed on a jurisdictional basis rather than on a transactional basis.</i></p> <p><i>Finally, PCS does not believe and nor is there any evidence that the legislators or regulatory authorities are seeking to craft a higher standard than that which has been used for decades by the market and was the basis for the legislative text.</i></p>	

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

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

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

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

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

In the case of the Transaction, title to the assets is transferred, in the case of English and Scottish assets by means of an equitable assignment and, in the case of Scottish assets, by a transfer of the beneficial interest only. The legal opinion from Allen & Overy and CMS Cameron McKenna Nabarro Olswang LLP confirms that an equitable assignment and a Scottish assignment meets the definition of “true sale” outlined above.

In the case of Bank of Scotland, a United Kingdom Bank with the near totality of its business in the United Kingdom providing inter alia retail banking services in the United Kingdom, the COMI is without meaningful doubt the United Kingdom.

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

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

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

- (a) provisions which allow the liquidator of the seller to invalidate the sale of the underlying exposures solely on the basis that it was concluded within a certain period before the declaration of the seller’s insolvency;
- (b) provisions where the SSPE can only prevent the invalidation referred to in point (a) if it can prove that it was not aware of the insolvency of the seller at the time of sale..

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

<b>2</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	2. The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller’s insolvency.	
<b>PCS Comments</b>		
COMI is in the UK. UK does not have severe clawback provisions.  See comment under Criterion 1 above.  Neither provision applies.		

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

<b>3</b>	<p><b>STS Criteria</b></p> <p>3. Where the seller is not the original lender, the true sale or assignment or transfer with the same legal effect of the underlying exposures to the seller, whether that true sale or assignment or transfer with the same legal effect is direct or through one or more intermediate steps, shall meet the requirements set out in paragraphs 1 to 3.</p>	<p><b>Verified?</b> <b>YES</b></p>
<p><b>PCS Comments</b></p> <p>See section, Transaction Parties – Seller which states:</p> <p>Initially Halifax plc, and since the first closing date following the reorganisation date, Bank of Scotland plc</p> <p>Overview of credit structure and cashflow – Mortgages Trust</p> <p>On 14 June 2002 and on several subsequent dates Halifax, as the seller, sold loans and their related security (which is the security for the repayment of the relevant loan, including the relevant mortgage) to the mortgages trustee pursuant to a mortgage sale agreement. On the reorganisation date, the business and all property and liabilities of Halifax were transferred to Bank of Scotland following its registration as a public company under the Companies Act 1985, as amended, and change of name from The Governor and Company of the Bank of Scotland. These changes were effected pursuant to the HBOS Group Reorganisation Act 2006. From time to time on and following the reorganisation date Bank of Scotland, as the seller may, subject to satisfaction of the conditions to sale set out in "Sale of the loans and their related security – Sale of loans and their related security to the mortgages trustee on the sale dates" below, sell further loans and their related security originated by either Halifax or on and following the reorganisation date by Bank of Scotland under the Halifax brand to the mortgages trustee. The loans are residential mortgage loans secured over residential properties located in England, Wales and Scotland.</p> <p>The Prospectus indicates that loans were initially originated by Halifax and subsequent to the reorganisation by Bank of Scotland under the Halifax brand. The Prospectus and documents also indicate that only the Bank of Scotland is selling the securitised assets to the SSPE. However, based on the information provided to PCS, Bank of Scotland did not acquire the assets originated by Halifax through a transfer but by an actual reorganisation of Halifax and Bank of Scotland. In English law, this reorganisation means that only Bank of Scotland is the Seller. Therefore, the criterion about intermediate transfers is not applicable to the Transaction.</p> <p><i>Legal opinions address the true sale aspects of articles 20.1 to 20.3.</i></p>		



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

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

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**STS Criteria**

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

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

**Verified?**  
**YES**

**PCS Comments**

See section, Sale of the loans and their related security – Legal assignment of the loans to the mortgages trustee, which states:

7th Bullet point - the occurrence of an insolvency event in relation to the seller;

9th bullet point - the seller is in breach of its obligations under the mortgage sale agreement, but only if such breach, where capable of remedy, is not remedied to the reasonable satisfaction of Funding 2 (acting in accordance with the controlling beneficiary deed) within 90 calendar days; and (ii) any of Fitch and Moody's has confirmed that the then current ratings of the then rated notes will be withdrawn, downgraded or qualified as a result of such breach, PROVIDED THAT: (1) this provision shall not apply if the seller has delivered a certificate to the mortgages trustee, Funding 2, each new Funding beneficiary and the Funding 2 security trustee, that the occurrence of such event does not impact the designation as a "simple, transparent and standardised" securitisation (within the meaning of the UK Securitisation Regulation) in respect of any series or class of notes then outstanding which are intended to satisfy the STS Requirements; and (2) this provision shall be subject to such amendment as the seller may require so long as the seller delivers a certificate to the mortgages trustee, Funding 2 and the Funding 2 security trustee, that such amendment does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the UK Securitisation Regulation) in respect of any series or class of notes then outstanding which are intended to satisfy the STS Requirements; or

10<sup>th</sup> bullet point - if the seller determines, as at any date, that the CET1 Ratio has fallen below 7.00 per cent., where:[...]

Criterion 4 requires two steps:

- To determine whether the transfer of the assets is by means of an unperfected assignment; and
- If it is, whether the transaction contains the requisite triggers.

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

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

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

PCS has measured the trigger events against the EBA Guidelines.

20.5(a)

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

*The trigger provided in the Transaction meets these requirements.*

20.5(b)

*The insolvency trigger is in the Transaction.*

20.5(c)

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

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

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

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

*The unremedied breach trigger is in the Transaction.*

*PCS notes the provision permitting amendments to the perfection events. There is no assurance that such amendment would not affect the STS designation. Such amendments are future events and PCS cannot, as of closing, verify whether such amendments would affect the STS designation/characteristics of the transaction or whether the transaction would remain STS-compliant following such amendment.*

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

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**STS Criteria**

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

**Verified?  
YES**

**PCS Comments**

See Representations and Warranties:

22. the seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits agreed to be sold and/or assigned by the seller to the mortgages trustee under the mortgage sale agreement free and clear of all security interests, claims and equities;  
See also Mortgage Sale Agreement SCHEDULE 1 REPRESENTATIONS AND WARRANTIES paragraph 7.1 The Sellers Title.

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

<b>6</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria...</p> <p><b>PCS Comments</b></p> <p>See section - Overview of portfolio and servicing – Representations and warranties and Eligibility criteria</p> <p>See section - Sale of the loans and their related security – Representations and warranties</p> <p>See also the Amended and Restated Mortgage Sale Agreement, Schedule 1 Representations and Warranties and Schedule 4 Lending Criteria.</p> <p><i>The EBA Guidelines clarify that “clear” does not mean easily readable or comprehended by a non-expert. In the Regulation a criterion is “clear” when a court or tribunal could determine whether, presumably in all cases, the criterion is met for each asset. In the Regulation, “clear” is about certainty of determination.</i></p> <p><i>PCS has read the Eligibility Criteria in the Prospectus/Amended and Restated Mortgage Sale Agreement). As they are mandatory, they meet the “predetermined” requirement. As they are in the Prospectus / Amended and Restated Mortgage Sale Agreement they meet the “documented” requirement. PCS has also concluded that they allow determination in each case and so meet the “clear” requirement.</i></p>	
<b>7</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>7. Which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management.</p> <p><b>PCS Comments</b></p> <p>See section, Sale of the loans and their related security – Introduction:</p> <ul style="list-style-type: none"> <li>it provides for the repurchase of mortgage accounts and related security which have loans (1) which (in limited circumstances) are subject to a product switch, (2) which are subject to a further advance, (3) (at the seller's option) which cause the seller to be in breach of any of its representations and warranties in respect of the loans, (4) which are in arrears by three or more monthly payments, (5) which are second home loans, (6) which are credit impaired loans; (7) which are deedstore loans, (8) which are interest only loans and (9) which are non-compliant loans; and</li> </ul> <p>For further details:</p> <p>See section, Sale of the loans and their related – Repurchase of loans under a mortgage account.</p> <p>See Amended and Restated Mortgage Sale Agreement, Clause 8 WARRANTIES AND REPURCHASE BY THE SELLER.</p> <p><i>Indeed the EBA Guidelines set out seven devices to repurchase securitised assets which are not to be considered indicative of “active portfolio management”. To the extent that a transaction only contains some or all of those seven devices and does not provide any other form of repurchase, then the STS criterion will be met. If the transaction should contain a</i></p>	

repurchase device that is not included in the EBA’s list, then an analysis will need to be conducted as to whether this additional device offends against the principles set out in the EBA Guidelines (15.a and b) as defining “active portfolio management”.  
 PCS has reviewed all the repurchase devices set out in the Prospectus and these are acceptable within the context of the EBA final guidelines.

<b>8</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>8. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.</p> <p><b>PCS Comments</b></p> <p>Refer to criterion 6 above. The transaction allows for sales to be made ongoing. The representations and eligibility criteria apply to each sale.</p> <p><i>This criterion is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform the FCA and the STS status of the securitisation will be lost.</i></p> <p><i>Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting, at the same time, that the absence of any such covenant – although possibly unsettling for some investors – would not invalidate the STS status of the transaction at closing.</i></p> <p><i>PCS has identified the existence of such a covenant in the Prospectus and the Amended and Restated Mortgage Sale Agreement.</i></p>	

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

<b>9</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>9. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type.</p> <p><b>PCS Comments</b></p> <p>The RTS on homogeneity can be fully met on the basis of:</p> <p>Origination – see section, The Loans – Origination channels, Underwriting;</p> <p>Servicing – see section, The Servicer – Servicing of Loans;</p> <p>Asset class – see section, The Loans;</p> <p>Homogeneity factor UK jurisdictions, see Representations and Warranties, 17.</p> <p><i>The definition of “homogeneity” in the Regulation is also the subject of a Regulatory Technical Standard (“RTS”). Being set out in an RTS, rather than a guideline or recommendation issued by the EBA, the definition of “homogeneity” will be legally binding on all regulatory authorities. Such RTS has been formally adopted by the European Commission on 28 May 2019.</i></p>	

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

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

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

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

*In the Transaction, the mortgage accounts were underwritten on a similar basis, they are being serviced by Bank of Scotland, they are a single asset class – mortgage loans / receivables to individuals – and, based on the EBA’s suggested approach, the mortgage loans and receivables are all originated in the same jurisdiction.*

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

10

**STS Criteria**

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

**Verified?**

**YES**

**PCS Comments**

See section, Sale of the loans and their related security – Representations and warranties.

23. each loan and its related security is valid, binding and enforceable in accordance with its terms and is non-cancellable:

(i) except in relation to any term in any loan or in its related security, in each case which is not binding by virtue of the Unfair Terms in Consumer Contracts Regulations 1994 as amended, extended or re-enacted from time to time or (as the case may be) the Unfair Terms in Consumer Contracts Regulations 1999 as amended, extended or re-enacted from time to time or the Consumer Rights Act 2015 as amended, extended or re-enacted from time to time; and

(ii) except in relation to any flexible loan drawing, delayed cashback, home cash reserve drawing and any other further advance, in each case which is not enforceable by virtue of the CCA as amended, extended or re-enacted from time to time;

Above is repeated in the Amended and Restated Mortgage Sale Agreement, Schedule 1, Representation and Warranties – 1.18.

See Amended and Restated Mortgage Sale Agreement, Schedule 1, Representations and Warranties:

1.19 To the best of the Seller's knowledge, none of the terms in any Loan or in its Related Security is not binding by virtue of its either (a) being unfair within the meaning of the Unfair Terms in Consumer Contracts Regulations 1994 or (as the case may be) the Unfair Terms in Consumer Contracts Regulations 1999 or (b) not being compliant with the terms of the Consumer Credit Act 1974. In Warranties 1.18 and 1.19, reference to any legislation shall be construed as a reference to that legislation as amended, extended or re-enacted from time to time.

<b>11</b>	<b>STS Criteria</b> 11. With full recourse to debtors and, where applicable, guarantors.	<b>Verified?</b> <b>YES</b>
	<p><b>PCS Comments</b></p> <p>See section, The loans</p> <p>Other characteristics</p> <p>For the purposes of Article 20(8) of the UK Securitisation Regulation, the loans in the trust property contain obligations that are in all material respects contractually binding and enforceable, with full recourse to the relevant borrowers and, where applicable, the relevant guarantors: (i) subject to any laws from time to time in effect relating to bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the court's discretion in relation to equitable remedies; (ii) except in relation to any term in any loan or in its related security, in each case which is not binding by virtue of the Unfair Terms in Consumer Contracts Regulations 1994 as amended, extended or re-enacted from time to time or (as the case may be) the Unfair Terms in Consumer Contracts Regulations 1999 as amended, extended or re-enacted from time to time or the Consumer Rights Act 2015 as amended, extended or re-enacted from time to time; and (iii) except in relation to any flexible loan drawing, delayed cashback, home cash reserve drawing and any other further advance, in each case which is not enforceable by virtue of the CCA as amended, extended or re-enacted from time to time</p>	

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

<b>12</b>	<b>STS Criteria</b>	12. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.	<b>Verified?</b> <b>YES</b>
	<p><b>PCS Comments</b></p> <p>See section, The Loans – Characteristics of the loan – Repayment Terms.</p> <p>Characteristics of the loans</p> <p>Repayment terms</p> <p>The loans in the portfolio are repayment loans where the borrower makes monthly payments of both interest and principal so that, when the loan matures, the full amount of the principal of the loan will have been repaid.</p> <p>The required monthly payment may alter from month to month for various reasons, including changes in interest rates.</p> <p>Principal prepayments may be made in whole or in part at any time during the term of a loan, subject to the payment of any early repayment charges (as described in "Early repayment charges" below). A prepayment of the entire outstanding balance of all loans under a mortgage account discharges the mortgage. Any prepayment in full must be made together with all accrued interest, arrears of interest, any unpaid expenses (such as insurance premiums and fees) and any applicable repayment charge(s).</p>		
<b>13</b>	<b>STS Criteria</b>	13. Relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.	<b>Verified?</b> <b>YES</b>
	<p><b>PCS Comments</b></p> <p><i>See point 12 above.</i></p> <p>See also Glossary</p> <p>related security in relation to a loan, the security for the repayment of that loan including the relevant mortgage and all other matters applicable thereto acquired as part of the portfolio sold to the mortgages trustee</p>		

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

<b>14</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>14. The underlying exposures shall not include transferable securities, as defined in Article 4(1), (24) of Article 2(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.</p>	
<b>PCS Comments</b>		
<p>See section, The Loans and the section, Sale of the loans and their related security, Representations and Warranties.</p> <p><i>Only residential mortgage loans form part of the Master Trust portfolio.</i></p>		

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

<b>15</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>15. The underlying exposures shall not include any securitisation position.</p>	
<b>PCS Comments</b>		
<p>See section The Loans and the section - Sale of the loans and their related security, Representations and Warranties.</p> <p><i>Only residential mortgage loans form part of the Master Trust portfolio.</i></p>		

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

<b>16</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>16. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business.</p>	
<b>PCS Comments</b>		
<p>See section Sale of the loans and their related security – Representations and warranties.</p> <p>1. each loan was originated by Halifax or the seller in the ordinary course of business pursuant to underwriting standards that were no less stringent than those that the seller at the time of origination to similar loans that are not securitised and was originated and is denominated in pounds sterling (or was originated and is denominated in euro if the euro has been adopted as the lawful currency of the United Kingdom);</p>		



<b>17</b>	<b><u>STS Criteria</u></b> 17. Pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.	<b><u>Verified?</u></b> <b>YES</b>
	<b><u>PCS Comments</u></b> See section Sale of the loans and their related security – Representations and warranties.  1. each loan was originated by Halifax or the seller in the ordinary course of business pursuant to underwriting standards that were no less stringent than those that the seller at the time of origination to similar loans that are not securitised and was originated and is denominated in pounds sterling (or was originated and is denominated in euro if the euro has been adopted as the lawful currency of the United Kingdom);	

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

<b>18</b>	<b><u>STS Criteria</u></b> 18. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.	<b><u>Verified?</u></b> <b>YES</b>
	<b><u>PCS Comments</u></b> See section, The Loans – Changes to the underwriting policies and the lending criteria. Changes to the underwriting policies and the lending criteria  The seller's underwriting policies and lending criteria are subject to change within the seller's sole discretion. New loans, further advances, retention drawings, home cash reserve drawings and flexible drawings that are originated under lending criteria that are different from the criteria set out here may be sold to the mortgages trustee.  Any material changes from the seller's prior underwriting policies and lending criteria shall be disclosed without undue delay to the extent required under Article 20(10) of the UK Securitisation Regulation.	

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

<b>19</b>	<b><u>STS Criteria</u></b> 19. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.	<b><u>Verified?</u></b> <b>YES</b>
	<b><u>PCS Comments</u></b> See section, Other characteristics.  The loans in the trust property do not include: (A) at the time of origination any loans that were marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the information provided by the loan applicant might not be verified by the seller for purposes of Article 20(10) of the UK Securitisation Regulation [..]	

**Article 20.10.** The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.

<b>20</b>	<b><u>STS Criteria</u></b> 20. The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.	<b><u>Verified?</u></b> <b>YES</b>
	<b><u>PCS Comments</u></b> See section, The Loans.  The assessment of a borrower's creditworthiness is conducted in accordance with the lending criteria and, where appropriate, shall meet the requirements set out in Article 8 of the Consumer Credit Directive or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of the Mortgage Credit Directive or, where applicable, equivalent requirements in third countries.	

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

<b>21</b>	<b><u>STS Criteria</u></b> 21. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.	<b><u>Verified?</u></b> <b>YES</b>
	<b><u>PCS Comments</u></b> See section, Bank of Scotland plc. Prudentially regulated established since 2007..	

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

<b>22</b>	<p><b>STS Criteria</b></p> <p>22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See section The Loans, third paragraph.</p> <p>The seller selects the loans for transfer into the portfolio, and any loans to be substituted into the portfolio, using an internally developed 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 representations and warranties that the seller makes in the mortgage sale agreement in relation to the loans (see "Sale of the loans and their related security – Representations and warranties" below), for instance, the representation and warranty relating to a maximum outstanding principal balance of £1,000,000. Once the criteria have been determined, the system identifies all loans owned by the seller that are consistent with the criteria. From this subset, loans are selected at random until the target balance for new loans has been reached or the subset has been exhausted. After a pool of new loans is selected in this way, the constituent loans are monitored so that they continue to comply with the relevant criteria on the date of transfer.</p> <p>See also section, The Loans Portfolio – Other Characteristics:</p> <p>The loans in the trust property have been transferred into the trust after selection for inclusion in the portfolio without undue delay for purposes of Article 20(11) of the Securitisation Regulation.</p>	
<b>23</b>	<p><b>STS Criteria</b></p> <p>23. And shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013...</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See section, The Loans</p> <p>Other characteristics</p> <p>The loans in the trust property do not include: (A) at the time of origination any loans that were marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the information provided by the loan applicant might not be verified by the seller for purposes of Article 20(10) of the Securitisation Regulation or (B) at the time of selection for inclusion in the portfolio any exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 for purposes of Article 20(11) of the Securitisation Regulation.</p>	

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

(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:

- (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and
- (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;

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

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

**24** **STS Criteria**

24. Or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:

**Verified?**

**YES**

**PCS Comments**

See section, Sale of the loans and their related security – Representations and Warranties:

12. the loan is not a second home loan or a credit impaired loan;

See Glossary:

credit impaired loan a loan which, so far as the seller is aware, having made all reasonable enquiries, is a loan to a borrower who is a (i) "credit-impaired obligor" as described in Article 13(2)(j) of the UK LCR Regulation; or (ii) a "credit-impaired debtor" as described in Article 20(11) of the UK Securitisation Regulation, and in each case, in accordance with any official guidance issued in relation thereto

*The note below applies to points from 24 to 30.*

*Although the text of the STS Regulation is quite vague, the EBA guidelines on defining "credit impaired" debtors are very helpful.*

*For PCS, the key points of the EBA guidelines on this issue are:*

*a. First that the three listed conditions of credit impaired status (set out in article 20.11 (a) to (c) of the Regulation) amount to a full definition of what it means to be "credit impaired". So that it is not necessary to reflect at what the term "credit impaired" could mean above and beyond those three items.*

*b. Secondly, in relation to entries in a credit registry, the EBA is very clear that the criterion should not be interpreted as excluding debtors with any entry on a credit registry. Providing further guidance, the example given in the EBA Guidelines of a credit registry entry that would not be indicative of a "credit impaired" debtor is the example of a failure to pay that can "reasonably be ignored" for the purposes of credit assessment.*

*Therefore, the criterion, to be met, does not require the elimination from the pool of all debtors with any negative entry in a credit registry but only those whose entries it would not be reasonable to ignore for the purposes of credit assessments.*

Absent any further clarification from the EBA or a national competent authority regarding what it is reasonable to ignore, a judgement would still be necessary in cases where the originator does include in the pool some debtors with some negative entries in a credit registry.

In making this judgement, PCS takes comfort from the intent of the legislators – including, crucially, the legislators’ belief that the STS Regulation was justified by the excellent performance of most “plain vanilla” European securitisation. It is clear to PCS that the “credit impaired” prohibition is driven by the desire of legislators to exclude from the STS category deals generally coming under the definition of “sub-prime”. Therefore, it is unreasonable to refuse STS status to a transaction considered by universal consensus to be a “prime/plain vanilla” transaction with no “sub-prime” aspects. Indeed, this approach seems to be the rationale behind the EBA Guidelines on this matter.

To determine whether this requirement is met, PCS has discussed this matter with the Seller and uses its knowledge of the market and market stakeholders as well as the explicit statements made in the prospectus and transaction documentation.

c. Thirdly, the EBA Guidelines on guaranteed obligations make it clear that the criterion is met so long as either the debtor or the guarantor are not “credit impaired”.

<b>25</b>	<b>STS Criteria</b> 25.(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See point 24 above.	
<b>26</b>	<b>STS Criteria</b> 26. Or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See point 24 above.	

27	<b>STS Criteria</b> 27. (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> <i>See point 24 above.</i>	
28	<b>STS Criteria</b> 28. (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> <i>See point 24 above and not applicable as there are no receivables from restructured obligors assigned.</i>	
29	<b>STS Criteria</b> 29. (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender;	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> <i>See point 24 above</i>	
30	<b>STS Criteria</b> 30. (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> <i>See point 24 above</i>	

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

<b>31</b>	<b>STS Criteria</b> 31. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section, Sale of the loans and their related security -Representations and Warranties: 10. at least two monthly payments have been made in respect of each loan;	

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

<b>32</b>	<b>STS Criteria</b> 32. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section, The Loans. Characteristics of the loans Repayment terms The loans in the portfolio are repayment loans where the borrower makes monthly payments of both interest and principal so that, when the loan matures, the full amount of the principal of the loan will have been repaid. The required monthly payment may alter from month to month for various reasons, including changes in interest rates.	

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

<b>33</b>	<b>STS Criteria</b>	<b>Verified?</b>
	<p>33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.</p>	
<b>PCS Comments</b>		
<p>See section, Certain Regulatory Requirements UK Securitisation Regulation requirements Risk retention The seller in its capacity as the originator, will:</p> <p>(i) retain on an on-going basis a material net economic interest in the securitisation of not less than 5 per cent. as required by Article 6(1) of the UK Securitisation Regulation by maintaining a seller share in the mortgage trust in an amount at least equal to 5 per cent. of the aggregate outstanding principal balance of all loans in the portfolio in accordance with Article 6(3)(b) of the UK Securitisation Regulation</p> <p>(ii) not hedge, sell or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to its retained material net economic interest unless it is permitted to do so under the UK Securitisation Regulation;</p> <p>(iii) provide on a timely basis all information required to be made available by the issuing entity pursuant to Article 7 of the UK Securitisation Regulation subject always to any requirement of law, provided that the seller will not be in breach of such undertaking if it fails to comply due to events, actions or circumstances beyond its control; and</p> <p>(iv) not change the manner in which it retains such material net economic interest, except to the extent permitted by the UK Securitisation Regulation.</p> <p>Any change to the manner in which such interest is held will be notified to noteholders in accordance with the conditions and requirements of the UK Securitisation Regulation;</p>		

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

<b>34</b>	<b>STS Criteria</b>	<b>Verified?</b>
	<p>34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.</p>	
<b>PCS Comments</b>		
<p>See the section, Risk Factors: You may be subject to interest rate risks on certain series of notes that are denominated in sterling. See the section, Risk Factors: Risks associated with the Funding 2 swap. See the section, THE SWAP AGREEMENTS - Funding 2 Swaps., The issuing entity currency swaps, The issuing entity interest rate swaps See the section, General Credit Structure – (c) Hedging.</p>		



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

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

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

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

In the case of the Transaction, the analysis is straightforward. SVR mortgages are hedged. The part of the mortgage pool that is fixed rate is fully hedged (with no caps and for the full nominal amount) and “tracker mortgages” are where the rate is able to follow (roughly) the rate in the reference rate of the notes. There are no issuing entity currency or interest rate swaps entered into for the 2024-1 series.

35	<b>STS Criteria</b> 35. Currency risks arising from the securitisation shall be appropriately mitigated.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See the section, Risk Factors: You may be subject to exchange rate risks and interest rate risks on any series of notes that are denominated in a currency other than sterling See the section, Risk Factors: Risks associated with the Funding 2 swap See the section, THE SWAP AGREEMENTS - The issuing entity currency swaps and the Funding 2 Swaps See the section, General Credit Structure – (c) Hedging <i>See the comment under 34 above.</i>	
36	<b>STS Criteria</b> 36. Any measures taken to that effect shall be disclosed.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section, The swap agreements.	

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

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

37	<b>STS Criteria</b>	Verified? YES
	37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...	
	<b>PCS Comments</b>	
	See section, The master intercompany loan agreement. Representations and agreements	
	<ul style="list-style-type: none"> <li>it will not carry on any business or engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the transaction documents provide or envisage that Funding 2 will engage;</li> </ul>	
	See section, Terms and Conditions of the Notes.	
	3.5 Restrictions on Activities	
	carry on any business other than as described in the Base Prospectus (as revised, supplemented and/or amended from time to time) relating to the issue of the Notes, the advancing of Loan Tranches under the Master Intercompany Loan Agreement to Funding 2 and the related activities described therein or as contemplated in the Transaction Documents relating to the issue of the Notes and the advancing of Loan Tranches under the Master Intercompany Loan Agreement to Funding 2;	
38	<b>STS Criteria</b>	Verified? YES
	38. ...Shall ensure that the pool of underlying exposures does not include derivatives.	
	<b>PCS Comments</b>	
	See section, The Loans and the section, Sale of the loans and their related security, Representations and Warranties. <i>Only residential mortgage loans form part of the Master Trust portfolio.</i>	
39	<b>STS Criteria</b>	Verified? YES
	39. Those derivatives shall be underwritten and documented according to common standards in international finance.	
	<b>PCS Comments</b>	
	See Glossary: Funding 2 Swap Agreements and Issuer Entity Swap Agreements.	

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

<b>40</b>	<p><b>STS Criteria</b></p> <p>40. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds and shall not reference complex formulae or derivatives.</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>As for Assets: See – The loans, Characteristics of the Loans, Types of loans and interest rate setting.</p> <p>As for liabilities: Final Terms : Class A1, GENERAL PROVISIONS APPLICABLE TO THE NOTES (9) Interest basis. Compounded Daily SONIA (further particulars specified below under “Provisions Relating to Interest (if any) Payable”) The master intercompany loan agreement – Payments of Interest. See section, Funding 2 Z Loan Agreements – Interest. See section, Issuing entity subordinated loan agreements – Interest.</p>	

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

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

<b>41</b>	<p><b><u>STS Criteria</u></b></p> <p>41. Where an enforcement or an acceleration notice has been delivered:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>Funding 2 post-enforcement priority of payments.</p> <p>See Cashflow: Distribution of Funding 2 principal receipts and Funding 2 revenue receipts following master intercompany loan acceleration.</p> <p>issuing entity post-enforcement priority of payments</p> <p>See Cashflow: Distribution of issuing entity principal receipts and issuing entity revenue receipts following note acceleration and master intercompany loan acceleration.</p> <p><i>There is no cash trapping.</i></p>	
<b>42</b>	<p><b><u>STS Criteria</u></b></p> <p>42. (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>Funding 2 post-enforcement priority of payments.</p> <p>See Cashflow: Distribution of Funding 2 principal receipts and Funding 2 revenue receipts following master intercompany loan acceleration.</p> <p>issuing entity post-enforcement priority of payments</p> <p>See Cashflow: Distribution of issuing entity principal receipts and issuing entity revenue receipts following note acceleration and master intercompany loan acceleration.</p>	
<b>43</b>	<p><b><u>STS Criteria</u></b></p> <p>43. (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>

	<p><b><u>PCS Comments</u></b></p> <p>Funding 2 post-enforcement priority of payments.</p> <p>See Cashflow: Distribution of Funding 2 principal receipts and Funding 2 revenue receipts following master intercompany loan acceleration.</p> <p>issuing entity post-enforcement priority of payments</p> <p>See Cashflow: Distribution of issuing entity principal receipts and issuing entity revenue receipts following note acceleration and master intercompany loan acceleration.</p>	
44	<p><b><u>STS Criteria</u></b></p> <p>44. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>Amended and Restated Funding 2 Deed of Charge.</p> <p>4.8 Securitisation Regulation (Article 21.9)</p> <p>Each of the parties acknowledges that no provision of this Deed shall require upon default of the Master Issuer the automatic liquidation of the Funding 2 Charged Property.</p> <p>See Prospectus</p> <p>See sections</p> <p>Enforcement of the issuing entity security is the only remedy for a default on the issuing entity's obligations, and the proceeds of that enforcement may not be enough to make all the payments due on your notes</p> <p>Repayment of loan tranches (other than start-up loan tranches) and Funding 2 Z loans after acceleration of all notes but before master intercompany loan acceleration notice</p> <p>If a note acceleration notice is served on the issuing entity, then that will not result in automatic enforcement of the Funding 2 security under the Funding 2 deed of charge</p>	
<p><b>Article 21.5.</b> Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.</p>		
45	<p><b><u>STS Criteria</u></b></p> <p>45. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>An asset trigger event will cause payments sequentially based on the Funding 2 priority of payments.</p>	

Summary of Funding 2 priority of payments:  
 Funding 2 pre-enforcement revenue priority of payments (prior to service of a master intercompany loan acceleration notice)  
 Funding 2 pre-enforcement principal priority of payments (before a trigger event and before master intercompany loan acceleration or acceleration of all notes)  
 Funding 2 post-enforcement priority of payments  
 Summary of issuing entity priority of payments  
 Issuing entity pre-enforcement revenue priority of payments  
 Issuing entity pre-enforcement principal priority of payments  
 Issuing entity post-enforcement priority of payments  
 The first step in analysing this criterion is to determine whether the transaction features non-sequential priorities of payment in relation to the amortisation of the Notes.  
 At the Issuer level the transaction does not feature non-sequential payments.  
*This criterion is therefore met.*

**Article 21.6.** The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:  
 (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;  
 (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;  
 (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);  
 (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).

<p><b>46</b> <b>STS Criteria</b>                  46. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:                  (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</p>	<p><b>Verified?</b>  <b>YES</b></p>
<p><b>PCS Comments</b>                  See section Sale of the loans and their related security – Sale of loans and their related security to the mortgages trustee on the sale date.                  The sale of new loans and their related security to the mortgages trustee will in all cases be subject to conditions precedent, including the following conditions (which may be varied or waived by the mortgages trustee where it has received written confirmation from the rating agencies that such variation or waiver will not cause the ratings of the outstanding notes to be reduced, withdrawn or qualified), being satisfied on the relevant sale date (sale date):                  Including the last bullet point which states:</p>	

no trigger event has occurred on or before the relevant sale date.  
 Almost all master trusts, including the Permanent Master Trust has the ability to purchase new assets.  
 4th bullet point  
 • as at the relevant sale date, the aggregate outstanding principal balance of loans in the mortgages trust, in respect of which the aggregate amount in arrears is more than three times the monthly payment then due, is less than five per cent. of the aggregate outstanding principal balance of the loans in the mortgages trust unless the rating agencies have confirmed that the then current ratings of the notes will not be reduced, withdrawn or qualified;

<b>47</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u></b>
	47. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;	<b>YES</b>
<b><u>PCS Comments</u></b>		
See section, The Mortgages Trust:		
trigger event means an asset trigger event and/or a non-asset trigger event.		
A non-asset trigger event will occur, on a calculation date, if:		
(a) an insolvency event occurs in relation to the seller on or before that calculation date;		
(b) the seller's role as servicer under the servicing agreement is terminated and a new servicer is not appointed within 30 days; or		

48	<b>STS Criteria</b>	Verified? YES
	48. (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);	
49	<b>PCS Comments</b>	Verified? YES
	49. (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).	

**PCS Comments**

See section, The Mortgages Trust:

trigger event means an asset trigger event and/or a non-asset trigger event.

An asset trigger event will occur when principal losses on loans in the portfolio (after application of Funding 2 available principal receipts to meet deficiencies in Funding 2 available revenue receipts or to fund the Funding 2 liquidity reserve fund) reach a level causing an amount to be debited to the principal deficiency sub-ledger in relation to the AAA principal deficiency sub-ledger of Funding 2, unless such debit is made when (a) the aggregate principal amount outstanding of each of the AA loan tranches, the A loan tranches, the BB loan tranches and the BBB loan tranches is equal to zero; and (b) the sum of (i) the amount standing to the credit of the Funding 2 general reserve ledger and the Funding 2 liquidity reserve ledger (if any) and (ii) the amount standing to the credit of the Funding 2 revenue ledger together with amounts determined and due to be credited to the Funding 2 revenue ledger prior to the immediately following Funding 2 interest payment date after such debit is made, is greater than the amount necessary to pay the items in paragraphs (A) to (E) of the Funding 2 pre-enforcement revenue priority of payments on the immediately following Funding 2 interest payment date after such debit is made, see "Credit structure – Funding 2 principal deficiency ledger".

**STS Criteria**

49. (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).

**PCS Comments**

See section, The Mortgages Trust:

trigger event means an asset trigger event and/or a non-asset trigger event.

A non-asset trigger event will occur, on a calculation date, if:

(d) on any calculation date, the aggregate outstanding principal balance of loans comprising the trust property is less than the required loan balance amount specified in the most recent final terms or drawdown prospectus or is less than the amount as may be required to be maintained as a result of the issuing entity advancing new loan tranches to Funding 2 which Funding 2 uses to pay to the seller for an increase in its share of the trust property and/or to pay the seller for the sale of new loans to the mortgages trustee

See also Master Sale Agreement clause 4.1.



**Article 21.7.** The transaction documentation shall clearly specify:

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

<b>50</b>	<b>STS Criteria</b> 50. The transaction documentation shall clearly specify: (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;	<b>Verified?</b> <b>YES</b>
<b>51</b>	<b>STS Criteria</b> 51. (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and	<b>Verified?</b> <b>YES</b>
<b>PCS Comments</b>		
The servicing agreement – Powers and Undertaking by the Servicer		
See section, The note trustee, the issuing entity security trustee and the Funding 2 security trustee:		
Pursuant to the issuing entity trust deed, the note trustee is required to take certain actions as described in “Description of the issuing entity trust deed” and “Terms and conditions of the notes” below. Pursuant to the issuing entity trust deed and the issuing entity deed of charge, the issuing entity security trustee is required to take certain actions as described in “Security for the issuing entity’s obligations – Appointment, powers, responsibilities and liabilities of the issuing entity security trustee” and “Terms and conditions of the notes” below		
The Funding 2 deed of charge sets out the terms under which the Funding 2 security trustee is appointed and the indemnification of the Funding 2 security trustee. Pursuant to the Funding 2 deed of charge, the Funding 2 security trustee is required to take certain actions as described under “Security for Funding 2’s obligations” below. Provisions for the removal of the Funding 2 security trustee are described in “Security for Funding 2’s obligations – Retirement and removal” below.		
<b>PCS Comments</b>		
See section, Servicing Agreement - Removal or resignation of the servicer.		
Under the terms of the servicing agreement, following a servicer termination event the Funding 2 security trustee shall use its reasonable endeavours to appoint a substitute servicer approved by the mortgages trustee and Funding 2 that has experience of administering mortgages of and standard securities over residential property in the UK, is willing to enter into an agreement substantially on the same terms as the relevant provisions of the servicing agreement and whose appointment does not adversely affect the then current ratings (if any) of the notes unless otherwise agreed by an extraordinary resolution of the holders of the relevant series and class of notes.		

52	<b>STS Criteria</b>	Verified? YES
	52. (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.	
	<b>PCS Comments</b>	
	See Triggers Tables.	
	- Accounts Banks	
	- Swap Counterparty rating triggers,	
	Clause 6.2 of the Cash Management Agreement provides that if “, the Funding 2 Swap is terminated, then the Cash Manager (on behalf of Funding 2 and the Funding 2 Security Trustee) shall purchase a new hedge which hedges against the possible variance hedged under the Funding 2 Swap with the previous Funding 2 Swap Provider, on terms acceptable to Funding 2 and the Rating Agencies with a new Funding 2 swap provider whom the Rating Agencies have confirmed in writing that the then current ratings of the Notes would not be adversely affected by such modification. T ...”.	
	Clause 4.3 of the Master Issuer Cash Management Agreement provides that the Master Issuer “shall purchase a replacement hedge... in respect of such Series and Class of Notes, against, as appropriate...” fluctuations in basis rate and currency risk.	
	See also the sections of the Prospectus “The swap agreements” - “The Funding 2 swaps” (“In the event that a Funding 2 swap is terminated prior to the service of a master intercompany loan acceleration notice or the latest occurring final repayment date of any loan tranche outstanding under the master intercompany loan agreement, Funding 2 shall enter into a replacement Funding 2 swap...”) and “The issuing entity currency swaps” (“In the event that any such issuing entity swap is terminated prior to the service of a note acceleration notice or the final redemption of the relevant series of notes, the issuing entity cash manager (on behalf of the issuing entity and the issuing entity security trustee) shall procure the purchase of a replacement currency swap...”).	

**Article 21.8.** The servicer shall have expertise in servicing exposures of a similar nature to those securitised and shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.

53	<b>STS Criteria</b>	Verified? YES
	53. The servicer shall have expertise in servicing exposures of a similar nature to those securitised	
	<b>PCS Comments</b>	
	See section, The Servicer.	
	Halifax has been engaged in the servicing of residential mortgage loans originated by it since its founding in 1853. Bank of Scotland assumed the servicing function on the reorganisation date.	
	reorganisation date            17 September 2007	
54	<b>STS Criteria</b>	Verified? YES
	54. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.	

**PCS Comments**

See section, Bank of Scotland plc.

PRA and FCA regulated.

*The EBA Guidelines specify that the servicer should be considered to meet this criterion if it is a prudentially regulated financial institution*

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

55

**STS Criteria**

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

**Verified?  
YES**

**PCS Comments**

See section, The Loans.

Payment holidays

The seller offers payment holidays, which are defined in accordance with the servicer’s servicing policies and procedures, during which a borrower may suspend mortgage payments.

Debt Restructuring, Forgiveness, and Forbearance

Debt restructuring, forgiveness and forbearance are defined in accordance with the servicer’s servicing policies and procedures.

Arrears and default procedures

Delinquency and default of debtors, losses, charge offs, recoveries and other asset performance remedies are defined in accordance with the servicer’s servicing policies and procedures.

The Servicing Agreement states that the Loans will be serviced in accordance with the Seller’s Policy (clause 5.2). The Seller’s Policy is defined in the Master Definitions and Construction Schedule as “the originating, underwriting, administration, arrears and enforcement policy applied by the Seller from time to time to loans and the security for their repayment which are beneficially owned solely by the Seller”.

The Servicing Agreement also provides for the Servicer to comply with the “Enforcement procedures” (Clause 5.2(b)). The Enforcement Procedures are defined as “the procedures for the enforcement of Mortgages undertaken by the Servicer from time to time in accordance with the Seller’s Policy”.

*The relevant aspects of Article 21.9 are summarised in the base prospectus.*

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

<p><b>56</b> <b><u>STS Criteria</u></b> 56. The transaction documentation shall clearly specify the priorities of payment,</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
<p><b><u>PCS Comments</u></b> See the Amended and Restated Funding Deed of Charge: Schedule 4. Funding 2 Priority of Payments Part 1 Funding 2 Pre-Enforcement Revenue Priority of Payments Part 2 Funding 2 Principal Priorities of Payments Part 3 Funding 2 Post-Enforcement Priority of Payments See AMENDED AND RESTATED MASTER ISSUER CASH MANAGEMENT AGREEMENT. Schedule 2. CASH MANAGEMENT AND MAINTENANCE OF LEDGERS Clause 3. Priority of Payments for Master Issuer Revenue Receipts Clause 4. Priority of Payments for Master Issuer Principal Receipts</p>	
<p><b>57</b> <b><u>STS Criteria</u></b> 57. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
<p><b><u>PCS Comments</u></b> Terms and conditions of the notes – Condition 9 (Events of Default); See Triggers Tables – Non Rating Trigger Events and Asset Trigger Event.</p>	
<p><b>58</b> <b><u>STS Criteria</u></b> 58. The transaction documentation shall clearly specify the obligation to report such events.</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
<p><b><u>PCS Comments</u></b> Priorities of Payments and relevant triggers are set out in the Mortgages Trust Deed, the Funding 2 Deed of Charge, the Master Issuer Deed of Charge, the Master Issuer Cash Management Agreement, the Master Issuer Intercompany Loan and the Terms and Conditions of the Notes. The base prospectus also includes a summary of these under the sections entitled "Cashflows" and "Credit Structure" and confirmation that any relevant changes will be disclosed under the section entitled "Cashflows– Disclosure of modifications to the priorities of payments" and pursuant to Clause 4.8 of the Funding 2 Deed of Charge. See section, Cashflow - Disclosure of modifications to the priorities of payments.</p>	

Any events which trigger change in the priorities of payments and any change to priorities of payments which will materially adversely affect the repayment of the term advances or the notes shall be disclosed without undue delay to the extent required under Article 21(9) of the Securitisation Regulation

See also Clause 4.8 of the Funding 2 Deed of Charge:

“The Master Issuer shall disclose, and the Cash Manager shall take all steps to assist the Master Issuer to disclose, any events which trigger a change in the Mortgages Trust Priority of Payments, the Funding 2 Priority of Payments and the Master Issuer 2 Priority of Payments and any change to the Mortgages Trust Priority of Payments, the Funding 2 Priority of Payments and the Master Issuer 2 Priority of Payments which will materially adversely affect the repayment of the Term Advances or the Notes without undue delay to the extent required under Article 21(9) of the Securitisation Regulation.”

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**STS Criteria**

59. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.

**Verified?**  
**YES**

**PCS Comments**

See section, Cashflows

Disclosure of modifications to the priorities of payments

Any events which trigger change in the priorities of payments and any change to priorities of payments which will materially adversely affect the repayment of the loan tranches or the notes shall be disclosed without undue delay to the extent required under Article 21(9) of the UK Securitisation Regulation.

<b>Article 21.10.</b> The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.		
<b>60</b>	<b>STS Criteria</b> 60. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> Terms and Conditions of the Notes (and Note Trust Deed) and Overview of rights of noteholders: (a) the method for calling meetings; as for method Condition 11.1 (b) the maximum timeframe for setting up a meeting: see Overview of rights of noteholders – Noteholder meeting provisions (c) the required quorum: Condition 11.1 and 11.2 (d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision Condition 11.1 and 11.2 and Master Issuer Trust Deed, definition of Extraordinary resolution, Condition 11.1 (e) where applicable, a location for the meetings which should be in the UK : see Overview of rights of noteholders – Location is in UK See also Terms and Conditions of the Notes, Condition 2.2, Conflict between the classes of Notes. <i>Although the wording of the Regulation as to what constitutes the “facilitation of timely resolution of conflicts” is very vague, the EBA Guidelines have helpfully set out the five minimum requirements that the documents should contain to meet this criterion.</i>	
<b>Article 21.10.</b> The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.		
<b>61</b>	<b>STS Criteria</b> 61. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See sections Security for Funding 2's obligations , Appointment, powers, responsibilities and liabilities of the Funding 2 security trustee and Security for the issuing entity's obligations. Appointment, powers, responsibilities and liabilities of the issuing entity security trustee	

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

62	<b>STS Criteria</b> 62. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised,	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Final Terms, section, STATISTICAL INFORMATION ON THE PORTFOLIO. Delinquency and loss experience on loans originated by Halifax or by Bank of Scotland under the "Halifax" brand (including loans in the portfolio) See Final Terms , STATIC POOL DATA.	
63	<b>STS Criteria</b> 63. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See criterion 62 above.	
64	<b>STS Criteria</b> 64. Those data shall cover a period no shorter than five years.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> The historical information provided as indicated in criterion 62 provides information for a minimum of 5 years.	

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

65	<b>STS Criteria</b> 65. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party,	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See section, Listing and General Information. Verification of data	

Prior to the issuance of any notes, the seller may cause a sample of the loans included in the portfolio (including the data disclosed in the applicable final terms in respect of the loans as at the relevant cut-off date) to be subject to external verification by one or more appropriate and independent third parties (such as a review of a representative sample of loans based on agreed upon procedures and/or a verification of the stratification tables set out in the applicable final terms) for the purposes of Article 22(2) of the Securitisation Regulation. This verification will extend to both compliance of the loan portfolio with certain lending criteria and verification of certain data set out herein. Where such a report has been obtained, the seller will review the report of the independent third parties and state in the Final Terms/Drawdown Prospectus whether it is of the opinion that there were no significant adverse findings in the report.

See Form of Final Terms.

[Verification of data

The seller has caused a sample of the relevant loans to be verified by one or more appropriate and independent third parties. This independent third party has also performed agreed upon procedures in order to verify that the stratification tables disclosed in respect of the relevant loans are accurate. 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]

See the Final Terms

Verification of data

The seller has caused a sample of the relevant loans to be verified by an appropriate and independent third party. The portfolio as at 31 January 2023 has been subject to an agreed upon procedures review on a representative sample of loans selected from the portfolio as at 31 January 2023 (as well as an agreed upon procedures review, amongst other things, of the conformity of the loans in the portfolio as at the cut-off date with certain of the eligibility criteria (where applicable)). The independent third party has also performed agreed upon procedures in order to verify that the stratification tables disclosed in respect of the relevant loans are accurate. 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.

*PCS is not an auditing firm, nor has it or has it sought access to the underlying information which was the basis of the AUP. However, it has read the AUP with the aim of determining whether, on its face, it appears to cover the items required by the criterion.*

*Based solely on the words of the AUP and without any additional due diligence or interaction with the auditing firm responsible for the AUP or sight of the instructions to such firm, PCS has concluded that the AUP appears to meet the requirements of the criterion.*

*PCS has reviewed the report on "agreed upon procedures" (AUP) commonly known as a "pool audit". PCS can confirm that this was done by an appropriate and independent third party.*

66

**STS Criteria**

66. Including verification that the data disclosed in respect of the underlying exposures is accurate.

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

*See point 65 above.*



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

67	<p><b>STS Criteria</b></p> <p>67. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE.</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See section, Listing and General Information.</p> <p>Liability cashflow model</p> <p>As long as any series and class of notes remains outstanding, a cash flow model will be made available, either directly or indirectly through one or more entities who provide such cash flow models to investors generally (i) prior to pricing of the notes to potential investors and (ii) on an on-going basis to investors in the and to potential investors in the notes upon request.</p> <p><i>PCS is not a modelling firm nor has any modelling expertise. Therefore, it will not verify the model's accuracy or perform any due diligence whatsoever on the model. However, it will seek to satisfy itself indirectly as to the likelihood of the model's accuracy by requesting details of the individuals (if employed by the originator) or the firms (if the model is outsourced) responsible for the model. PCS will then assess whether, in its sole opinion, the model was put together by persons or firms with a reputation and a track-record in such models.</i></p> <p><i>Having seen the model, read a statement in the prospectus and the STS Notification that the model will be made available in accordance with the requirements of the criteria and assessed the firm responsible for the model, PCS is prepared to verify this criterion.</i></p>	
68	<p><b>STS Criteria</b></p> <p>68. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p><i>See point 67 above. PCS notes the existence of such covenant in the Prospectus.</i></p>	

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

<b>69</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>69. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).</p>	
<b>PCS Comments</b>		
See Final Terms.		
SECURITISATION REGULATION		
Environmental performance		
<p>The seller will disclose certain available information related to the environmental performance of the assets pursuant to the information provided by the seller in accordance with its obligations under Article 7(1)(a) of Regulation (EU) 2017/2402 (as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018). The following sets out information related to the environmental performance of 96,264 properties as of the cut-off date.</p>		

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

<b>70</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>70. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.</p>	
<b>PCS Comments</b>		
See section, UK Securitisation Regulation requirements.		
<p>For the purposes of Article 7(2) of the UK Securitisation Regulation, the issuing entity has been designated as the entity responsible for compliance with the requirements of Article 7 and will either fulfill such requirements itself or shall procure that such requirements are complied with on its behalf. However, in relation to any notes which are awarded STS status, Bank of Scotland as the sponsor and the originator is responsible for compliance with Article 7 of the UK Securitisation Regulation. See "Listing and general information—Investor reports and Information".</p>		

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

<b>71</b>	<b>STS Criteria</b> 71. The information required by point (a) the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request.	<b>Verified?</b> <b>YES</b>
	<p><b>PCS Comments</b> See section, Listing and general information. Reporting under the UK Securitisation Regulation</p> <p>1. The issuing entity is designated as the reporting entity (the UK Reporting Entity) as required under Article 7(2) of the UK Securitisation Regulation. The UK Reporting Entity hereby undertakes:</p> <p>(c) and confirms that:</p> <p>(i) it shall prior to the pricing of any series of notes issued under this base prospectus, make available the UK Investor Report and the UK Loan Level Data Report along with the base prospectus, the final terms or any drawdown prospectus and the transaction documents (in draft form) as required by Articles 22(5) and 7(1)(b) of the UK Securitisation Regulation and it will procure that the final documents are provided no later than 15 days from the closing date of the relevant series of notes being issued under this base prospectus;</p>	
<b>72</b>	<b>STS Criteria</b> 72. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.	<b>Verified?</b> <b>YES</b>
	<p><b>PCS Comments</b> See section, Listing and General Information. Reporting under the UK Securitisation Regulation</p> <p>1. The issuing entity is designated as the reporting entity (the UK Reporting Entity) as required under Article 7(2) of the UK Securitisation Regulation. The UK Reporting Entity hereby undertakes:</p> <p>(c) and confirms that:</p> <p>(i) it shall prior to the pricing of any series of notes issued under this base prospectus, make available the UK Investor Report and the UK Loan Level Data Report along with the base prospectus, the final terms or any drawdown prospectus and the transaction documents (in draft form) as required by Articles 22(5) and 7(1)(b) of the UK Securitisation Regulation and it will procure that the final documents are provided no later than 15 days from the closing date of the relevant series of notes being issued under this base prospectus;</p> <p>(iii) in relation to any UK STS Securitisations, the UK STS notification required pursuant to Article 7(1)(d) of the UK Securitisation Regulation (and prepared in accordance with the the UK STS Notification Technical Standards) has been made available (in draft form) prior to the pricing of any series of notes issued under this base prospectus and that the final UK STS notification will be notified to the FCA and published as described below,</p>	

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

<b>73</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>73. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.</p> <p><b>PCS Comments</b></p> <p>See section, Listing and General Information.</p> <p>Reporting under the UK Securitisation Regulation</p> <p>1. The issuing entity is designated as the reporting entity (the UK Reporting Entity) as required under Article 7(2) of the UK Securitisation Regulation.</p> <p>The UK Reporting Entity hereby undertakes:</p> <p>(c) and confirms that:</p> <p>(i) it shall prior to the pricing of any series of notes issued under this base prospectus, make available the UK Investor Report and the UK Loan Level Data Report along with the base prospectus, the final terms or any drawdown prospectus and the transaction documents (in draft form) as required by Articles 22(5) and 7(1)(b) of the UK Securitisation Regulation and it will procure that the final documents are provided no later than 15 days from the closing date of the relevant series of notes being issued under this base prospectus;</p> <p><i>PCS notes the existence of such covenant in the Prospectus.</i></p>	

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

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

<b>74</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>74. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authority referred to in Article 29 and, upon request, to potential investors:</p> <p>(a) information on the underlying exposures on a quarterly basis,</p> <p><b>PCS Comments</b></p> <p>Reporting under the UK Securitisation Regulation</p> <p>1. The issuing entity is designated as the reporting entity (the UK Reporting Entity) as required under Article 7(2) of the UK Securitisation Regulation.</p> <p>The UK Reporting Entity hereby undertakes:</p> <p>(a) that it will fulfil the requirements of Article 7 of the UK Securitisation Regulation and the UK Article 7 Technical Standards either itself or shall procure that such requirements are fulfilled on its behalf;</p>	

- (b) that it will procure that:
- (i) each quarter and within one month of the relevant issuing entity interest payment date, the investor report in respect of the relevant quarter is published as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (the UK Investor Report);
  - (ii) simultaneously with the UK Investor Report certain loan level information in relation to the loans in respect of the relevant period is published on a quarterly basis as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (the UK Loan Level Data Report);

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

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

<b>75</b>	<p><b><u>STS Criteria</u></b></p> <p>75. (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:</p> <ul style="list-style-type: none"> <li>(i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions</li> <li>(ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;</li> <li>(iii) the derivatives and guarantee agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;</li> <li>(iv) the servicing, back-up servicing, administration and cash management agreements;</li> <li>(v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;</li> <li>(vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;</li> </ul>	<p><b><u>Verified?</u></b> <b>YES</b></p>
<p><b><u>PCS Comments</u></b></p> <p>See section, Listing and General Information.</p> <p>Reporting under the UK Securitisation Regulation</p> <p>1. The issuing entity is designated as the reporting entity (the UK Reporting Entity) as required under Article 7(2) of the UK Securitisation Regulation.</p> <p>The UK Reporting Entity hereby undertakes:</p> <p>(c) and confirms that:</p> <p>(i) it shall prior to the pricing of any series of notes issued under this base prospectus, make available the UK Investor Report and the UK Loan Level Data Report along with the base prospectus, the final terms or any drawdown prospectus and the transaction documents (in draft form) as required by Articles 22(5) and 7(1)(b) of the UK Securitisation</p>		

Regulation and it will procure that the final documents are provided no later than 15 days from the closing date of the relevant series of notes being issued under this base prospectus;

*All the criteria from 74 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.*

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

<b>76</b>	<p><b><u>STS Criteria</u></b></p> <p>76. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;</p>	<p><b><u>Verified?</u></b></p> <p><b>YES</b></p>
	<p><b><u>PCS Comments</u></b></p> <p>See the Amended and Restated Funding Deed of Charge:</p> <p>Schedule 4 Funding 2 Priority of Payments</p> <p>Part 1 Funding 2 Pre-Enforcement Revenue Priority of Payments</p> <p>Part 2 Funding 2 Principal Priorities of Payments</p> <p>Part 3 Funding 2 Post-Enforcement Priority of Payments</p> <p>See AMENDED AND RESTATED MASTER ISSUER CASH MANAGEMENT AGREEMENT</p> <p>Schedule 2. CASH MANAGEMENT AND MAINTENANCE OF LEDGERS</p> <p>Clause 3. Priority of Payments for Master Issuer Revenue Receipts</p> <p>Clause 4. Priority of Payments for Master Issuer Principal Receipts</p>	

<p><b>Article 7.1.</b> The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authority referred to in Article 29 and, upon request, to potential investors:</p> <p>(c) where section 85 of the 2000 Act (prohibition of dealing etc in transferable securities without approved prospectus) and rules made by the FCA for the purposes of Part 6 of the 2000 Act (official listing)<sup>1</sup> do not require a prospectus to be drawn up, a transaction summary or overview of the main features of the securitisation, including, where applicable:</p> <p>(i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;</p> <p>(ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;</p> <p>(iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;</p> <p>(iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;</p>		
<b>77</b>	<p><b>STS Criteria</b></p> <p>77. (c) where section 85 of the 2000 Act (prohibition of dealing etc in transferable securities without approved prospectus) and rules made by the FCA for the purposes of Part 6 of the 2000 Act (official listing) do not require a prospectus to be drawn up, a transaction summary or overview of the main features of the securitisation, including, where applicable:</p> <p>(i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;</p> <p>(ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;</p> <p>(iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;</p> <p>(iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;</p>	<b>Verified?</b> <b>YES</b>
	<p><b>PCS Comments</b></p> <p>Not applicable.</p>	

<p><b>Article 7.1.</b> The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authority referred to in Article 29 and, upon request, to potential investors:</p> <p>(d) in the case of STS securitisations, the STS notification referred to in Article 27;</p>		
<b>78</b>	<p><b>STS Criteria</b></p> <p>78. (d) in the case of STS securitisations, the STS notification referred to in Article 27;</p>	<b>Verified?</b> <b>YES</b>
	<p><b>PCS Comments</b></p> <p>See section, Listing and General Information. Reporting under the UK Securitisation Regulation</p>	

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



1. The issuing entity is designated as the reporting entity (the UK Reporting Entity) as required under Article 7(2) of the UK Securitisation Regulation.

The UK Reporting Entity hereby undertakes:

(c) and confirms that:

(iii) in relation to any UK STS Securitisations, the UK STS notification required pursuant to Article 7(1)(d) of the UK Securitisation Regulation (and prepared in accordance with the the UK STS Notification Technical Standards) has been made available (in draft form) prior to the pricing of any series of notes issued under this base prospectus and that the final UK STS notification will be notified to the FCA and published as described below

See Final Terms – UK SECURITISATION REGULATION.

STS Requirements

The seller, as originator, has procured an STS notification to be submitted to the FCA, in accordance with Article 27 of the UK Securitisation Regulation, that the STS requirements have been satisfied with respect to the series 2024-1 notes. It is expected that the STS notification will be available on the website of FCA (<https://data.fca.org.uk/#/sts/stssecuritisations> (or its successor website)). For the avoidance of doubt, this website and the contents thereof do not form part of this Final Terms.

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

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

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

**79 STS Criteria**

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

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

**Verified?  
YES**

**PCS Comments**

Reporting under the UK Securitisation Regulation

1. The issuing entity is designated as the reporting entity (the UK Reporting Entity) as required under Article 7(2) of the UK Securitisation Regulation.

The UK Reporting Entity hereby undertakes:

(b) that it will procure that:

(i) each quarter and within one month of the relevant issuing entity interest payment date, the investor report in respect of the relevant quarter is published as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (the UK Investor Report);

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

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

<b>80</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>80. (f) any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation;</p> <p><b>PCS Comments</b></p> <p>See section, Listing and General Information.</p> <p>Reporting under the UK Securitisation Regulation</p> <p>1. The issuing entity is designated as the reporting entity (the UK Reporting Entity) as required under Article 7(2) of the UK Securitisation Regulation.</p> <p>The UK Reporting Entity hereby undertakes:</p> <p>(b) that it will procure that:</p> <p>(iii) any information required to be reported pursuant to Article 7(1)(f) and 7(1)(g) (as applicable) of the UK Securitisation Regulation is published without delay and as required by and in accordance with Article 7(1)(f) and 7(1)(g) (as applicable) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (the UK Inside Information/ Significant Event Report); and</p>	

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

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

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

<b>81</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>81. (g) where point (f) does not apply, any significant event such as:</p> <p>(i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;</p> <p>(ii) a change in the structural features that can materially impact the performance of the securitisation</p>	

(iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;  
 (iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where the competent authority has taken remedial or administrative actions;  
 (v) any material amendment to transaction documents.

**PCS Comments**

*See point 80 above.*

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

**82 STS Criteria**

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

**Verified?  
YES**

**PCS Comments**

See section, Listing and General Information.

Reporting under the UK Securitisation Regulation

1. The issuing entity is designated as the reporting entity (the UK Reporting Entity) as required under Article 7(2) of the UK Securitisation Regulation.

The UK Reporting Entity hereby undertakes:

(b) that it will procure that:

(i) each quarter and within one month of the relevant issuing entity interest payment date, the investor report in respect of the relevant quarter is published as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (the UK Investor Report);

(ii) simultaneously with the UK Investor Report certain loan level information in relation to the loans in respect of the relevant period is published on a quarterly basis as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (the UK Loan Level Data Report);

**Article 7.1.** Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay. When complying with this paragraph, the originator, sponsor and SSPE of a securitisation shall comply with national and United Kingdom law governing the protection of confidentiality of information and the processing of personal data in order to avoid potential breaches of such law as well as any confidentiality obligation relating to customer, original lender or debtor information, unless such confidential information is anonymised or aggregated.

In particular, with regard to the information referred to in point (b) the originator, sponsor and SSPE may provide a summary of the concerned documentation. The Competent authority shall be able to request the provision of such confidential information to them in order to fulfil their duties under this Regulation.

<b>83</b>	<b>STC Criteria</b>	<b>Verified? YES</b>
	83. Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay	
	<b>PCS Comments</b>	
	See section, Listing and General Information.	
	Reporting under the UK Securitisation Regulation	
	1. The issuing entity is designated as the reporting entity (the UK Reporting Entity) as required under Article 7(2) of the UK Securitisation Regulation.	
	The UK Reporting Entity hereby undertakes:	
	(b) that it will procure that:	
	(iii) any information required to be reported pursuant to Article 7(1)(f) and 7(1)(g) (as applicable) of the UK Securitisation Regulation is published without delay and as required by and in accordance with Article 7(1)(f) and 7(1)(g) (as applicable) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (the UK Inside Information/ Significant Event Report); and	

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

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

Or

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

<b>84</b>	<b>STS Criteria</b>	<b>Verified? YES</b>
<p>84. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1.</p> <p>The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.</p> <p>Or</p> <p>The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.</p>		
<p><b>PCS Comments</b></p> <p>Reporting under the UK Securitisation Regulation</p> <p>1. The issuing entity is designated as the reporting entity (the UK Reporting Entity) as required under Article 7(2) of the UK Securitisation Regulation.</p> <p>The UK Reporting Entity hereby undertakes:</p> <p>(a) that it will fulfil the requirements of Article 7 of the UK Securitisation Regulation and the UK Article 7 Technical Standards either itself or shall procure that such requirements are fulfilled on its behalf;</p> <p>in each case,</p> <p>(iv) that it will procure that the information referred to above is made available to the noteholders, the FCA, the Bank of England, the PRA and/ or the Pensions Regulator and, upon request, to potential investors and provided in a manner consistent with the requirements of Article 7(2) of the UK Securitisation Regulation by means of a secure website of the UK Securitisation Repository which at the date of the base prospectus is at <a href="https://editor.eurowdw.co.uk/esma/viewdeal?edcode=RMBSUK000209500420234">https://editor.eurowdw.co.uk/esma/viewdeal?edcode=RMBSUK000209500420234</a> and undertakes to provide information to and to comply with written confirmation requests of the UK Securitisation Repository, as required under the UK Securitisation Repository Operational Standards.</p> <p>See Glossary</p> <p>UK Securitisation Repository means European Datawarehouse Ltd appointed by the UK Reporting Entity as FCA registered securitisation repository, or its substitute, successor or replacement that is registered with the FCA under the UK Securitisation Regulation.</p>		
<b>85</b>	<b>STS Criteria</b>	<b>Verified? YES</b>
<p>85. The entity responsible for reporting the information, and the securitisation repository where the information is made available shall be indicated in the documentation regarding the securitisation.</p>		

**PCS Comments**

See point 82 above.