

STS Term Verification Checklist
SILVERSTONE MASTER ISSUER PLC
Issue of Series 2024-1 Notes



PRIME COLLATERALISED SECURITIES (PCS) UK LIMITED

17th December 2024

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

This STS Term Checklist must be read together with the PCS Procedures Manual. 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 Securitisation (Smarter Regulatory Framework and Consequential Amendments) Instrument 2024, in particular: (a) the text of the PRA Rulebook and the Securitisation sourcebook (SECN) as defined in those instruments, (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 STS Regulation EU 2017/2402 of the European Union as amended and incorporated into United Kingdom law by the Securitisation (Amendment) (EU Exit) Regulations 2019 (the "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 United Kingdom's 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.

17th December 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 respectively to article 28 of Regulation (EU) 2017/2402 (the “**STS Regulation**”) and article 25 of the Securitisation Regulation 2024.

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

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

PRIME COLLATERALISED SECURITIES (PCS) STS Verification

Individual(s) undertaking the assessment	Fazel Ahmed
Date of Verification	17 December 2024
The transaction to be verified (the “Transaction”)	Issue of Series 2024 – 1 Notes
Issuer	Silverstone Master Issuer PLC
Originator	Nationwide Building Society
Lead Manager(s)	Citigroup Global Markets Limited, BNP PARIBAS, Lloyds Bank Corporate Markets plc, BofA Securities, Barclays Bank PLC, Deutsche Bank AG, Banco Santander S.A.
Transaction Legal Counsel	Allen Overy Shearman Sterling LLP
Rating Agencies	Moody’s and Fitch
Stock Exchange	London Stock Exchange
Closing Date	17 December 2024

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

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

Within the checklist, the relevant legislative text is set out in blue introductory boxes and the yellow boxes for the Securitisation Sourcebook Annex 1 (SECN), which will be in effect from 1 November 2024, with specific criteria for our verification listed underneath.

Article	Summary of Article Contents	PCS Verified	
SECN 2.2.2R to 2.2.14R - Simplicity			
2.2.2 R	True sale	1	✓
2.2.2 R	Severe clawback	2	✓
2.2.5 R	True sale with intermediate steps	3	✓
2.2.6 R	Assignment perfection	4	✓
2.2.7 R	Encumbrances to enforceability of true sale	5	✓
2.2.8 R	Eligibility criteria, active portfolio management, and exposure transferred after closing	6 - 8	✓
2.2.9 R	Homogeneity, enforceability, full recourse, periodic payment streams, no transferable securities	9 - 14	✓
2.2.10 R	No securitisation positions	15	✓
2.2.11 R	Origination, underwriting standards, unverified residential loans, assessment of creditworthiness, originator expertise	16 - 21	✓
2.2.12 R	No undue delay after selection, no exposures in default or to credit-impaired or insolvent debtors/quarantors, portion of restructured debtors, adverse credit history, higher pool risk	22 - 30	✓
2.2.13 R	At least one payment made	31	✓
2.2.14 R	No predominant dependence on the sale of asset	32	✓
SECN 2.2.15R to 2.2.4R - Standardisation			
2.2.15 R	Risk retention	33	✓
2.2.16 R	Appropriate mitigation of interest-rate and currency risks and disclosure, no further derivatives and hedging derivatives according to common standards	34 - 39	✓
2.2.17 R	Referenced interest payments	40	✓
2.2.18 R	Requirements in the event of enforcement or delivery of acceleration notice: no cash trap, sequential amortisation, no reversal, no automatic liquidation	41 - 44	✓
2.2.19 R	Non-sequential priority of payments	45	✓
2.2.20 R	Early amortisation provisions/triggers for termination of revolving period	46 - 49	✓
2.2.21 R	Duties, responsibilities, and replacement of transaction parties	50 - 52	✓
2.2.22 R	Expertise of the servicer	53 - 54	✓
2.2.23 R	Remedies and actions by servicer related to delinquency and default of debtor, priorities of payments, triggers for changes, obligation to report	55 - 59	✓
2.2.24 R	Resolution of investor conflicts and fiduciary party responsibilities and duties	60 - 61	✓
SECN 2.2.25R to 2.2.29R - Transparency			
2.2.25 R	Historical asset data	62 - 64	✓
2.2.26 R	AUP/asset verification	65 - 66	✓
2.2.27 R	Liability cashflow model	67 - 68	✓
2.2.28 R	Environmental performance of asset	69	✓
2.2.29 R /6.2.3 R	Responsibility for article 7, information disclosure before pricing and 15 days after closing	70 - 73	✓
7.1	Transparency requirements: underlying loan data, documentation, priority of payments, transaction summary, STS notification, investor report, inside information, significant event report, simultaneous, without delay	74 - 83	✓
7.2	Transparency requirements: securitisation repository, designation of responsible entity	84 - 85	✓

SECN 2.2.2 R (1) Any SSPE must acquire title to the underlying exposures in a manner enforceable against the seller or any other third party, whether transfer of title is by means of: (a) true sale; (b) assignment; or (c) another transfer with the same legal effect as (a) or (b).

(2) If the seller becomes insolvent, the transfer of the title to the SSPE must not be subject to severe clawback provisions.

1	<u>STS Criteria (prior)</u> 1. 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.	Verified? YES
	STS Criteria 2.2.2 R (1) Any SSPE must acquire title to the underlying exposures in a manner enforceable against the seller or any other third party, whether transfer of title is by means of: (a) true sale; (b) assignment; or (c) another transfer with the same legal effect as (a) or (b).	
	PCS Comments Section "Mortgage Sale Agreement" and in particular "Sale of loans and their related security to the mortgages trustee". Also see "Seller's Title" "True sale" is not a legal concept but a rating agency creation. <i>The essence of a "true sale" is that the property in the securitised assets has legally moved from the originator/seller to the SSPE in such a way that the SSPE's ownership will be recognised as a matter of law, including and especially in the case of the insolvency of the originator/seller. In a "true sale" the insolvency officer and creditors of the insolvent originator/seller are not able to satisfy the claims of the originator/seller's creditor out of the proceeds of the securitised assets. Following a "true sale" there is no legal device by which the assets can automatically revert to the originator/seller's ownership. Such automatic reversion is associated with security interests and anathema to a "true sale".</i> <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> <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> <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> <i>The Regulation (20.1) therefore does not require STS "true sales" to be clawback-proof since this would mean that no European securitisation could ever be STS. It does require the sale not to be subject to "severe clawback". The Regulation does not define "severe clawback" but gives an example (20.2) where a clawback happens for no reasons.</i> <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> <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> <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> <i>Based on the above considerations, PCS believes that transfers from jurisdiction meeting the following criteria – absent any other indications – shall not fall within the definition of "severe clawback":</i>	

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

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

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

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

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

The legal opinions from Allen & Overy, CMS and Cleaver, Fulton and Rankin collectively confirm that an equitable assignment and a Scottish assignment of the beneficial interest meets the definition of “true sale” outlined above.

In the case of Nationwide, a United Kingdom building society with the near totality of its business in the United Kingdom selling mortgages secured solely on property in the United Kingdom, the COMI is without meaningful doubt the United Kingdom.

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

<p>SECN 2.2.2 R (2) If the seller becomes insolvent, the transfer of the title to the SSPE must not be subject to severe clawback provisions.</p> <p>2.2.3 R For the purposes of SECN 2.2.2R(2), the following are severe clawback provisions:</p> <p>(1) those allowing the seller’s liquidator to invalidate the sale of the underlying exposures solely because it was concluded within a certain period before the declaration of the seller’s insolvency;</p> <p>(2) provisions where the SSPE can prevent the invalidation referred to in (1) only if it can prove it was unaware of the seller’s insolvency at the time of sale.</p>		
2	<p><u>STS Criteria (prior)</u></p> <p>2. Article 20/Article 20.2 1/Article 20.3 The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.</p>	Verified? YES
	<p><u>STS Criteria</u></p> <p>2.2.2 R (2) If the seller becomes insolvent, the transfer of the title to the SSPE must not be subject to severe clawback provisions.</p>	
	<p><u>PCS Comments</u></p> <p><i>COMI is in the UK. The UK does not have severe clawback provisions. Neither provision applies.</i></p> <p><i>See comments under Criterion 1 above. UK does not have severe clawback provisions</i></p>	

SECN 2.2.5 R If the seller is not the original lender, the transfer of the underlying exposures to that seller by any of the means in SECN 2.2.2R(1) (whether direct or through one or more intermediate steps) must meet the requirements in SECN 2.2.1 to SECN 2.2.3.

3	STS Criteria (prior)	Verified? YES
	STS Criteria	
	PCS Comments	

3. 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.

2.2.5 R If the seller is not the original lender, the transfer of the underlying exposures to that seller by any of the means in SECN 2.2.2R(1) (whether direct or through one or more intermediate steps) must meet the requirements in SECN 2.2.1 to SECN 2.2.3.

Section "Nationwide Building Society": The Seller includes merged entities Anglia and Portman which originated part of the Portfolio. See also Representations and warranties, Loans which states "Each loan was originated by the seller (or Anglia or Portman (as applicable)) in the ordinary course of business pursuant to underwriting standards that were no less stringent than those that the seller (or Anglia or Portman (as applicable)) applied at the time of origination to similar loans that are not securitised [...]"

The Prospectus indicates that loans were originated by three separate entities, being Nationwide, Anglia and Portman. The Prospectus and documents also indicate that only the Nationwide is selling the securitised assets to the SSPE. However, based on the information provided to PCS, Nationwide did not acquire the assets originated by Anglia and Portman through a transfer but by an actual merger with the two other originators. In English law, this merger of building societies means that "Nationwide" as seller is Anglia and is Portman as well. Therefore, the criterion about intermediate transfers is not applicable to the Transaction notwithstanding the apparent discrepancy between the named originators and the seller.

SECN 2.2.6 R If the transfer of the underlying exposures is performed by assignment and perfected after the transaction's closing, the triggers to effect such perfection must be set broadly enough to require perfection in all of the following events:

- (1) severe deterioration in the seller's credit quality standing;
- (2) the seller's insolvency; and
- (3) unremedied breaches of the seller's contractual obligations, including the seller's default.

4	STS Criteria (prior)	Verified? YES
	STS Criteria	

4. 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.

2.2.6 R If the transfer of the underlying exposures is performed by assignment and perfected after the transaction's closing, the triggers to effect such perfection must be set broadly enough to require perfection in all of the following events:

- (1) severe deterioration in the seller's credit quality standing;

- (2) the seller's insolvency; and
 (3) unremedied breaches of the seller's contractual obligations, including the seller's default.

PCS Comments

See section, OVERVIEW OF PORTFOLIO AND SERVICING, Perfection Events

See section, THE MORTGAGE SALE AGREEMENT, Transfer of Legal Title to the Mortgages Trustee

"Each sale of English loans and Northern Irish loans and their respective related security to the mortgages trustee will be made by way of an equitable assignment.

Each sale of Scottish loans and their related security to the mortgages trustee will be made by way of a Scottish declaration of trust under which the beneficial interest in such Scottish loans will be transferred to the mortgages trustee. This means that legal title to the loans and their related security will remain with the seller, until legal assignments or (in Scotland) assignations are delivered by the seller to the mortgages trustee and notice of such assignments or assignations is given to the borrowers. Legal assignment or assignation of the loans and their related security (including, where appropriate, their registration or recording in the relevant property register) to the mortgages trustee will be deferred and will only take place, if at all, in the limited circumstances described below.[...]"

"Legal assignment or assignation (as appropriate) of the loans and their related security to the mortgages trustee will be completed within 20 London business days of receipt of written notice from the mortgages trustee, any funding company and/or any funding security trustee requesting that the seller take such actions. The mortgages trustee, each funding company and the funding security trustees will each undertake that they will not make such a request unless any of the following events occur:"

severe deterioration of seller credit quality, sub paragraph (i) which states :

(i) an administrative or other receiver, administrator or other similar official is appointed in relation to 20% or more of the undertaking or assets of the seller or the appointment of an administrator takes effect, or a distress, execution or diligence or other process is enforced upon 20% or more of the undertaking or assets of the seller and in any of the foregoing cases it is not discharged within 15 London business days, in each case excluding any undertaking or assets of the seller which may be sold from time to time by the seller to Nationwide Covered Bonds LLP pursuant to the seller's €45,000,000,000 global covered bond programme, and provided that:

(A) this provision shall not apply if none of the then outstanding notes are UK STS; and

(B) 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, any funding company and/or any funding security trustee, as applicable, that the amendment of such provision 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 UK STS requirements; or

insolvency event of seller, sub paragraph (f) which states:

(f) the occurrence of an insolvency event in respect of the seller;

unremedied breach of obligations, sub paragraph (j) which states:

(j) 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 1 and each further funding company (acting in accordance with the controlling beneficiary deed) and the satisfaction of the Funding 1 security trustee within 90 calendar days, provided that:

(A) this provision shall not apply if none of the then outstanding notes are UK STS; and

(B) 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, any funding company and/or any funding security trustee, as applicable, that the amendment of such provision 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 UK STS requirements.

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 trigger*

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.

SECN 2.2.7 R The seller must 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 transfer by the means in SECN 2.2.2R(1).

5	<u>STS Criteria (prior)</u> 5. 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.	Verified? YES
	<u>STS Criteria</u> 2.2.7 R The seller must 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 transfer by the means in SECN 2.2.2R(1).	
	<u>PCS Comments</u> See section, THE MORTGAGE SALE AGREEMENT, Representations and warranties, The Seller’s Title , 1 st bullet point where it is stated: “[...] the seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits in relation to the loans and their related security agreed to be sold and/or assigned by the seller to the mortgages trustee pursuant to the mortgage sale agreement free and clear of all security interests, claims and equities[...]”.	

SECN 2.2.8 R (1) The underlying exposures the seller transfers to the SSPE (if an SSPE is used) or that are otherwise securitised must meet predetermined, clear and documented eligibility criteria prohibiting active portfolio management of those exposures on a discretionary basis.

(2) For the purposes of SECN 2.2.8R(1), substitution of exposures that are in breach of representations and warranties is not considered active portfolio management.

(3) Exposures transferred to the SSPE (if an SSPE is used) or otherwise added to the securitisation after the closing of the transaction must meet the eligibility criteria applied to the initial underlying exposures.

6	<p><u>STS Criteria (prior)</u> 6. 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....</p>	<p>Verified? YES</p>
	<p>STS Criteria 2.2.8 R (1) The underlying exposures the seller transfers to the SSPE (if an SSPE is used) or that are otherwise securitised must meet predetermined, clear and documented eligibility criteria prohibiting active portfolio management of those exposures on a discretionary basis.</p>	
	<p>PCS Comments See section, OVERVIEW OF PORTFOLIO AND SERVICING, Eligibility Criteria which refers to the Mortgage Sale Agreement – Representations and warranties , Conditions for Sale of Loans and The Loans – lending criteria <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> <i>PCS has read the eligibility criteria in the Prospectus/the Mortgage Sale Agreement. As they are mandatory, they meet the “predetermined” requirement. As they are in the Prospectus/Mortgage Sale Agreement they meet the “documented” requirement. PCS has also concluded that they allow determination in each case and so meet the “clear” requirement.</i></p>	
7	<p><u>STS Criteria (prior)</u> 7. Article 20.7. 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>Verified? YES</p>
	<p>STS Criteria 2.2.8 R (1) The underlying exposures the seller transfers to the SSPE (if an SSPE is used) or that are otherwise securitised must meet predetermined, clear and documented eligibility criteria prohibiting active portfolio management of those exposures on a discretionary basis. 2.2.8 R (2) For the purposes of SECN 2.2.8R(1), substitution of exposures that are in breach of representations and warranties is not considered active portfolio management.</p>	
	<p>PCS Comments See section, MORTGAGE SALE AGREEMENT, Repurchase of loans , note the statement on no active portfolio management: “The seller’s rights and obligations to sell loans and their related security to the mortgages trustee and/or repurchase loans and their related security from the mortgages trustee pursuant to the mortgage sale agreement, including repurchases of non-compliant LCR/SII loans, non-compliant UK Securitisation Framework/STS loans, arrears loans, and/or zero rate loans, do not constitute active portfolio management for purposes of SECN 2.2.8 R .”</p>	

The EBA Guidelines set out seven devices to repurchase securitised assets which are not to be considered indicative of “active portfolio management”. To the extent that a transaction only contains some or all of those seven devices and does not provide any other form of repurchase, then the STS criterion will be met.

If the transaction should contain a repurchase device that is not included in the EBA’s list, then an analysis will need to be conducted as to whether this additional device offends against the principles set out in the EBA Guidelines (15.a and b) as defining “active portfolio management”.

PCS has reviewed all the repurchase devices set out in the Prospectus/Mortgage Sale Agreement and these are acceptable within the context of the EBA final guidelines.

PCS also notes that there is an explicit affirmative statement in the Prospectus to the effect that the Transaction does not allow for “active portfolio management”.

8 STS Criteria (prior)
 8. Article 20.7. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.

Verified?
YES

STS Criteria
2.2.8 R (3) Exposures transferred to the SSPE (if an SSPE (3) is used) or otherwise added to the securitisation after the closing of the transaction must meet the eligibility criteria applied to the initial underlying exposures.

PCS Comments

The Eligibility Criteria apply on any sale date, Conditions for sale of loans apply on any relevant sale date; Representation and warranties are given on any sale date.

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.

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.

In the case of a master trust, PCS also draws attention to the EBA Guidelines where it is stated that the eligibility criteria must remain stable only from one issuance to the next. In other words, upon the next issue out of the master trust, it is possible to change the eligibility criteria and still comply with the STS rules.

PCS has identified the existence of such a covenant in the Mortgage Sale Agreement

SECN 2.2.9 R (1) The securitisation must be backed by a pool of underlying exposures that are homogeneous in terms of asset type, considering the specific characteristics relating to the asset type’s cash flows, including their contractual, credit-risk and prepayment characteristics.

- (2) Further details specifying which underlying exposures are homogeneous for the purposes of (1) are set out at SECN 2.4.
- (3) The underlying exposures must contain contractually binding and enforceable obligations, with full recourse to debtors and, where applicable, guarantors.
- (4) The underlying exposures must 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.
- (5) The underlying exposures must not include any transferable security, other than corporate bonds not listed on a trading venue.

STS Criteria (prior)

9	<p>9. 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.</p>	<p><u>Verified?</u> YES</p>
	<p>STS Criteria 2.2.9 R (1) The securitisation must be backed by a pool of underlying exposures that are homogeneous in terms of asset type, considering the specific characteristics relating to the asset type's cash flows, including their contractual, credit-risk and prepayment characteristics. (2) Further details specifying which underlying exposures are homogeneous for the purposes of (1) are set out at SECN 2.4 (STS criteria: Homogeneity of underlying exposures).</p>	
	<p>PCS Comments See section, The Loans – Characteristics of the loans – other characteristics which discusses the basis of homogeneity. See also section, The Loans: Residential mortgages, single asset type; Underwriting and lending criteria, Origination Servicing and collections, Servicing Governing Law, Loans are under UK law:, single jurisdiction <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> <i>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.</i> <i>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.</i> <i>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.</i> <i>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.</i> <i>In the Transaction, the mortgages were underwritten on a similar basis, they are being serviced by Nationwide on the same platform, they are a single asset class – residential mortgages – and, based on the EBA's suggested approach, the mortgages are all originated in the same jurisdiction.</i> 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.</p>	

10	<u>STS Criteria (prior)</u> 10. Article 20.8. The underlying exposures shall contain obligations that are contractually binding and enforceable.	<p>Verified? YES</p>
	STS Criteria 2.2.9 R (3) The underlying exposures must contain contractually binding and enforceable obligations, [...]	
	PCS Comments See section, THE MORTGAGE SALE AGREEMENT, Representations and warranties – Loans which states: “The true balance on each loan and its related security constitute a legal, valid, binding and enforceable debt due to the seller from the relevant borrower and the terms of each loan and its related security constitute valid and binding obligations of the borrower enforceable in accordance with their terms except that enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors’ rights generally and the court’s discretion in relation to equitable remedies.” “Each loan and its related security is valid, binding and enforceable in accordance with its terms, and non-cancellable.”	
11	<u>STS Criteria (prior)</u> 11. Article 20.8. With full recourse to debtors and, where applicable, guarantors.	<p>Verified? YES</p>
	STS Criteria 2.2.9 R (3) [...] with full recourse to debtors and, where applicable, guarantors.	
	PCS Comments Mortgage Loans are full recourse obligations of the borrower See section, THE LOANS, Characteristics of the loans, Other characteristics [...]. “For the purposes of SECN 2.2.9 R, 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, 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.” [...]	

<p>SECN 2.2.9 R (4) The underlying exposures must 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.</p>		
12	<p><u>STS Criteria (prior)</u> 12. Article 20.8. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.</p>	<p>Verified? YES</p>
	<p>STS Criteria 2.2.9 R (4) The underlying exposures must have defined periodic payment streams (the instalments of which may differ in their amounts) [...]</p>	
	<p>PCS Comments See section, THE LOANS, Characteristics of the Loans – Repayment Terms.</p>	
13	<p><u>STS Criteria (prior)</u> 13. Article 20.8. Article 20.8. Relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.</p>	<p>Verified? YES</p>
	<p>STS Criteria 2.2.9 R (4) [...] relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.</p>	
	<p>PCS Comments See section, THE LOANS, Characteristics of the Loans – Repayment terms See also section , OVERVIEW OF PORTFOLIO AND SERVICING , Features of the Loans In addition see section, OVERVIEW OF CREDIT STRUCTURE AND CASHFLOW, Mortgages Trust which states: “[...] from time to time, Nationwide (in its capacity as seller), sold loans and their related security (which is the security for the repayment of a loan, including the relevant mortgage) to the mortgages trustee pursuant to the mortgage sale agreement[...].”</p>	

SECN 2.2.9 R (5) The underlying exposures must not include any transferable security, other than corporate bonds not listed on a trading venue.

14	<p><u>STS Criteria (prior)</u> 14. 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.</p>	Verified? YES
	<p>STS Criteria 2.2.9 R (5) The underlying exposures must not include any transferable security, other than corporate bonds not listed on a trading venue.</p>	
	<p>PCS Comments Specific statement of exclusion – The Loans – characteristics of loans – other characteristics which states: “The loans in the trust property, as at the relevant cut-off date, do not include: (i) any transferable securities for purposes of SECN 2.2.9(5) R; (ii) any securitisation positions for purposes of SECN 2.2.10 R; or (iii) any derivatives for purposes of SECN 2.2.16(2)(b) R, in each case on the basis that the loans in the trust property have been entered into substantially on the terms of similar standard documentation for residential mortgages loans” Underlying exposures are Mortgage Loans see the base prospectus – Eligibility Criteria which refers to Mortgage Sale Agreement – Representations and warranties, Conditions for Sale of Loans and The Loans – lending criteria.</p>	

SECN 2.2.10 R The underlying exposures must not include any securitisation position.

15	<p><u>STS Criteria (prior)</u> 15. Article 20.9. The underlying exposures shall not include any securitisation position.</p>	Verified? YES
	<p>STS Criteria 2.2.10 R The underlying exposures must not include any securitisation position.</p>	
	<p>PCS Comments Specific statement of exclusion – The Loans – Characteristics of loans – other characteristics which states. “The loans in the trust property, as at the relevant cut-off date, do not include: (i) any transferable securities for purposes of SECN 2.2.9(5) R; (ii) any securitisation positions for purposes of SECN 2.2.10 R; or (iii) any derivatives for purposes of SECN 2.2.16(2)(b) R, in each case on the basis that the loans in the trust property have been entered into substantially on the terms of similar standard documentation for residential mortgages loans” Underlying exposures are Mortgage Loans see the Base prospectus – Eligibility Criteria which refers to Mortgage Sale Agreement – Representations and warranties, Conditions for Sale of Loans and The Loans – lending criteria.</p>	

<p>SECN 2.2.11 R (1) The underlying exposures must be originated: (a) in the ordinary course of the originator’s or original lender’s business; and (b) following underwriting standards at least as rigorous as those the originator or original lender applied at the time of origination to similar unsecuritised exposures, to the extent there are any.</p>		
16	<p><u>STS Criteria (prior)</u> 16. Article 20.10. The underlying exposures shall be originated in the ordinary course of the originator’s or original lender’s business.</p>	<p>Verified? YES</p>
	<p>STS Criteria 2.2.11 R (1) The underlying exposures must be originated: (a) in the ordinary course of the originator’s or original lender’s business; and [...]</p>	
	<p>PCS Comments See section, MORTGAGE SALE AGREEMENT, Representations and warranties, Loans “Each loan was originated by the seller (or Anglia or Portman (as applicable)) in the ordinary course of business pursuant to underwriting standards that were no less stringent than those that the seller (or Anglia or Portman (as applicable)) applied at the time of origination to similar loans that are not securitised and was denominated in pounds Sterling upon origination (or was denominated in euro upon origination if the euro has been adopted as the lawful currency of the United Kingdom).”</p>	
17	<p><u>STS Criteria (prior)</u> 17. Article 20.10. Pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.</p>	<p>Verified? YES</p>
	<p>STS Criteria 2.2.11 R (1) The underlying exposures must be originated: (b) following underwriting standards at least as rigorous as those the originator or original lender applied at the time of origination to similar unsecuritised exposures, to the extent there are any.</p>	
	<p>PCS Comments See section, MORTGAGE SALE AGREEMENT, Representations and warranties, Loans “Each loan was originated by the seller (or Anglia or Portman (as applicable)) in the ordinary course of business pursuant to underwriting standards that were no less stringent than those that the seller (or Anglia or Portman (as applicable)) applied at the time of origination to similar loans that are not securitised and was denominated in pounds Sterling upon origination (or was denominated in euro upon origination if the euro has been adopted as the lawful currency of the United Kingdom).”</p>	

SECN 2.2.11 R (2) The originator or the original lender (as the case may be) must fully disclose to potential investors, without undue delay:
 (a) the underwriting standards pursuant to which the underlying exposures are originated; and
 (b) any material changes from former underwriting standards.

18	<u>STS Criteria (prior)</u> 18. 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.	Verified? YES
	<u>STS Criteria</u> 2.2.11 R (2) The originator or the original lender (as the case may be) must fully disclose to potential investors, without undue delay: (a) the underwriting standards pursuant to which the underlying exposures are originated; and (b) any material changes from former underwriting standards.	
	<u>PCS Comments</u> See section, THE LOANS, Underwriting which states: <i>"Changes to the underwriting policies and the lending criteria</i> The seller's underwriting policies and lending criteria are subject to change within the seller's sole discretion. Loans and further advances 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 SECN 2.2.11!" <i>Although somewhat confusingly drafted "future changes" are not drafted in the Securitisation regulation. However, the EBA Guidelines make clear that the part of the criterion referring to changes from prior underwriting is a future event criterion. It applies to changes in underwriting criteria that occur post-closing. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform the FCA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</i> <i>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> <i>PCS has identified the existence of such a covenant in the base prospectus.</i>	

SECN 2.2.11 R (3) For securitisations with residential loans as underlying exposures, the pool of loans must 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 lender might not verify the information provided.

19	<u>STS Criteria (prior)</u> 19. 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.	Verified? YES
	<u>STS Criteria</u>	

2.2.11 R (3) For securitisations with residential loans as underlying exposures, the pool of loans must 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 lender might not verify the information provided.

PCS Comments

There is a specific statement that no such loans are included in the trust.

See section, THE LOANS, Characteristics of the loans, *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 SECN 2.2.11(3) R or

SECN 2.2.11 R (4) The assessment of the borrower's creditworthiness must meet the requirements in:

(a) CONC 5.2A.7R;

(b) MCOB 11.6.2R(1)(a), MCOB 11.6.2R(1)(b), MCOB 11.6.2R(2), MCOB 11.6.5R(1), MCOB 11.6.60R and MCOB 11A.2.1R; or

(c) where applicable, equivalent requirements in a third country.

20

STS Criteria (prior)

20. 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.

STS Criteria

2.2.11 R (4) The assessment of the borrower's creditworthiness must meet the requirements in:

(a) CONC 5.2A.7R;

(b) MCOB 11.6.2R(1)(a), MCOB 11.6.2R(1)(b), MCOB 11.6.2R(2), MCOB 11.6.5R(1), MCOB 11.6.60R and MCOB 11A.2.1R; or

(c) where applicable, equivalent requirements in a third country.

PCS Comments

See section, THE LOANS, Underwriting

"The assessment of a borrower's creditworthiness is conducted in accordance with the lending criteria and, where appropriate, aims to meet the requirements set out in CONC and/or MCOB Directive.

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

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

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

**Verified?
YES**

This was done in the UK via the MCD Order issued in March 2016. The originator has provided a representation that this criterion is met with specific and extensive discussions in the Risk Factor section of the Prospectus.

SECN 2.2.11 R (5) The originator or original lender must have expertise in originating exposures of a similar nature to those securitised.		
21	<p><u>STS Criteria (prior)</u> 21. Article 20.10. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.</p>	<p>Verified? YES</p>
	<p>STS Criteria 2.2.11 R (5) The originator or original lender must have expertise in originating exposures of a similar nature to those securitised.</p>	
	<p>PCS Comments See section, NATIONWIDE BUILDING SOCIETY "Nationwide has (and, at the relevant times, Anglia and Portman had) significantly more than five years of experience in the origination, underwriting and servicing of mortgage loans similar to those included in the portfolio." <i>An entity originating assets similar to those securitised for at least five years is deemed, according to the EBA Guidelines to have "expertise". Nationwide has been making mortgage loans in the UK for considerably longer than five years. This information may be found in the base prospectus.</i></p>	
SECN 2.2.12 R (1) After the underlying exposures have been selected, they must be transferred to the SSPE (if an SSPE is used) or otherwise securitised without undue delay.		
22	<p><u>STS Criteria (prior)</u> 22. Article 20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay...</p>	<p>Verified? YES</p>
	<p>STS Criteria 2.2.12 R (1) After the underlying exposures have been selected, they must be transferred to the SSPE (if an SSPE is used) or otherwise securitised without undue delay.</p>	
	<p>PCS Comments See section, THE LOANS, Characteristics of the loans, Other characteristics [...]"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 SECN 2.2.12(1) R." <i>PCS has assumed that any period of three and a half months or less between pool cut date and closing will meet the requirements of the criterion. This is in line with market standards.</i></p>	
23	<p><u>STS Criteria (prior)</u> 23. Article 20.11. And shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013...</p>	<p>Verified? YES</p>
	<p>STS Criteria</p>	

2.2.12 R (2) At the time of selection, the underlying exposures must not include exposures in default within the meaning of Article 178(1) of the UK CRR or [...]

PCS Comments

See section, THE LOANS, Characteristics of the loans, Other characteristics

[..] "The loans in the trust property do not include: ([...] (B) at the time of selection for inclusion in the portfolio any exposures in default within the meaning of Article 178(1) of the UK CRR Amendment Regulation for purposes of SECN 2.2.12(2) R." [...]

2.2.12 R (2) At the time of selection, the underlying exposures must not include [...] exposures to a credit-impaired debtor or guarantor who, to the best of the originator’s or original lender’s knowledge:

- (a) was, at the time of origination, where applicable:
 - (i) on a public credit registry of persons with adverse credit history; or
 - (ii) if there is no such public credit registry, another credit registry that is available to the originator or original lender;
- (b) 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 unsecuritised exposures the originator holds, if any;
- (c) has been declared insolvent;
- (d) had a court grant its creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within 3 years before the date of origination; or
- (e) has undergone a debt restructuring process with regard to its non-performing exposures within 3 years before the date of transfer of the underlying exposures to the SSPE (if an SSPE is used) or other means of securitising the underlying exposure.

2.2.12 R (3) If a credit-impaired debtor or guarantor has undergone a debt restructuring process as described in (2)(e), the underlying exposures may include exposures to that credit-impaired debtor or guarantor if:

- (a) the restructured underlying exposure has not presented new arrears since the date of the restructuring, which must have taken place at least 1 year before the date the underlying exposures were transferred to the SSPE (if an SSPE is used) or otherwise securitised; and
- (b) the information the originator, sponsor and SSPE have provided in accordance with SECN 6.2.1R(1) and SECN 6.2.1R(5)(a) explicitly sets out:
 - (i) the proportion of total underlying exposures, which have been restructured;
 - (ii) the time and details of the restructuring; and
 - (iii) their performance since the date they were restructured.

24	<u>STS Criteria (prior)</u> 24. Article 20.11. Or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator’s or original lender’s knowledge:	Verified? YES
	<u>STS Criteria</u> 2.2.12 R (2) At the time of selection, the underlying exposures must not include exposures [...] to a credit-impaired debtor or guarantor who, to the best of the originator’s or original lender’s knowledge: [...]	
	<u>PCS Comments</u> See section, MORTGAGE SALE AGREEMENT, Representation and warranties – Loans “• So far as the seller is aware, having made all reasonable enquiries, no loan is a loan to a borrower who is (i) a “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”	
25	<u>STS Criteria (prior)</u> 25. Article 20.11. (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.	Verified? YES
	<u>STS Criteria</u> (c) has been declared insolvent;	

	<p>(d) had a court grant its creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within 3 years before the date of origination;</p>	
	<p>PCS Comments</p> <p>See section, MORTGAGE SALE AGREEMENT, Representation and warranties – Loans</p> <p>“ So far as the seller is aware, having made all reasonable enquiries, no loan is a loan to a borrower who is (i) a “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”.</p>	
<p>26</p>	<p>STS Criteria (prior) 26. Article 20.11. Or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p>	<p>Verified? YES</p>
	<p>STS Criteria (e) has undergone a debt restructuring process with regard to its non-performing exposures within 3 years before the date of transfer of the underlying exposures to the SSPE (if an SSPE is used) or other means of securitising the underlying exposure.</p>	
	<p>PCS Comments</p> <p>See section, MORTGAGE SALE AGREEMENT, Representation and warranties – Loans</p> <p>“ So far as the seller is aware, having made all reasonable enquiries, no loan is a loan to a borrower who is (i) a “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”</p>	
<p>27</p>	<p>STS Criteria (prior) 27. Article 20.11. (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and</p>	<p>Verified? YES</p>
	<p>STS Criteria (3) If a credit-impaired debtor or guarantor has undergone a debt restructuring process as described in (2)(e), the underlying exposures may include exposures to that credit-impaired debtor or guarantor if: (a) the restructured underlying exposure has not presented new arrears since the date of the restructuring, which must have taken place at least 1 year before the date the underlying exposures were transferred to the SSPE (if an SSPE is used) or otherwise securitised; and [...]</p>	
	<p>PCS Comments</p> <p>See section, MORTGAGE SALE AGREEMENT, Representation and warranties – Loans</p> <p>“ So far as the seller is aware, having made all reasonable enquiries, no loan is a loan to a borrower who is (i) a “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”</p>	

28	<p><u>STS Criteria (prior)</u> 28. Article 20.11. (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;</p>	<p>Verified? YES</p>
	<p>STS Criteria [...] (b) the information the originator, sponsor and SSPE have provided in accordance with SECN 6.2.1R(1) and SECN 6.2.1R(5)(a) explicitly sets out: (i) the proportion of total underlying exposures, which have been restructured; (ii) the time and details of the restructuring; and (iii) their performance since the date they were restructured.</p>	
	<p>PCS Comments See section, MORTGAGE SALE AGREEMENT, Representation and warranties – Loans “• So far as the seller is aware, having made all reasonable enquiries, no loan is a loan to a borrower who is (i) a “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”</p>	
29	<p><u>STS Criteria (prior)</u> 29. Article 20.11. (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender;</p>	<p>Verified? YES</p>
	<p>STS Criteria (a) was, at the time of origination, where applicable: (i) on a public credit registry of persons with adverse credit history; or (ii) if there is no such public credit registry, another credit registry that is available to the originator or original lender;</p>	
	<p>PCS Comments See section, MORTGAGE SALE AGREEMENT, Representation and warranties – Loans “• So far as the seller is aware, having made all reasonable enquiries, no loan is a loan to a borrower who is (i) a “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”</p>	
30	<p><u>STS Criteria (prior)</u> 30. Article 20.11. (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>	<p>Verified? YES</p>
	<p>STS Criteria (b) 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 unsecuritised exposures the originator holds, if any;</p>	

PCS Comments

See section, MORTGAGE SALE AGREEMENT, Representation and warranties – Loans

“ So far as the seller is aware, having made all reasonable enquiries, no loan is a loan to a borrower who is (i) a “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”

SECN 2.2.13 R The debtors must, at the time the exposures are transferred, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or with a maturity of less than 1 year (including, without limitation, monthly payments on revolving credits).

31	STS Criteria (prior)	Verified? YES
	STS Criteria	
	PCS Comments	

31. 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.

STS Criteria

2.2.13 R The debtors must, at the time the exposures are transferred, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or with a maturity of less than 1 year (including, without limitation, monthly payments on revolving credits).

See section, THE MORTGAGE SALE AGREEMENT, Representations and warranties- Loans

“ The first two monthly payments due in respect of each loan have been paid by the relevant borrower.”

SECN 2.2.14 R (1) A securitisation must not be structured so that repayment of investors depends predominantly on the sale of the assets securing the underlying exposures.
 (2) Paragraph (1) must not prevent such assets from subsequently being rolled over or refinanced.
 (3) If a securitisation’s underlying exposures are secured by assets, and the value of those assets is guaranteed or fully mitigated by an obligation on the seller or another third party to repurchase them, that securitisation does not contravene the prohibition in (1).

32	STS Criteria (prior)	Verified? YES
	STS Criteria	
	PCS Comments	

32. 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.

STS Criteria

2.2.14 R (1) A securitisation must not be structured so that repayment of investors depends predominantly on the sale of the assets securing the underlying exposures.

(2) Paragraph (1) must not prevent such assets from subsequently being rolled over or refinanced.

(3) If a securitisation’s underlying exposures are secured by assets, and the value of those assets is guaranteed or fully mitigated by an obligation on the seller or another third party to repurchase them, that securitisation does not contravene the prohibition in (1).

PCS Comments

See section, THE LOANS, Characteristics of the Loans - Repayment terms, the Loans in the trust only include interest only and repayment mortgages.

Although there was some uncertainty over the status of interest-only mortgages, this has been definitively cleared up by the EBA Guidelines specific statement that this criterion was not designed to capture these products.

Accordingly, none of the assets in the pool display any predominant reliance on the sale of the assets.

PRA: Article 6 Risk Retention

1 The originator, sponsor or original lender of a securitisation shall retain on an ongoing basis a material net economic interest in the securitisation of not less than 5%. That interest shall be measured at the origination and shall be determined by the notional value for off-balance-sheet items.

Where the originator, sponsor or original lender have not agreed between them who will retain the material net economic interest, the originator shall retain the material net economic interest.

There shall be no multiple applications of the retention requirements for any given securitisation.

The material net economic interest shall not be split amongst different types of retainers and shall not be subject to any credit-risk mitigation or hedging.

For the purposes of this Article and Chapter 4, an entity shall not be considered to be an originator where the entity has been established or operates for the sole purpose of securitising exposures.

33	<p><u>STS Criteria (prior)</u> 33. Article 21.1. The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.</p>	Verified? YES
	<p>STS Criteria FCA: 2.2.15 R The originator, sponsor or original lender must satisfy the risk-retention requirement in accordance with SECN 5. PRA: ARTICLE 6 RISK RETENTION 1. The originator, sponsor or original lender of a securitisation shall retain on an ongoing basis a material net economic interest in the securitisation of not less than 5%. That interest shall be measured at the origination and shall be determined by the notional value for off-balance-sheet items. Where the originator, sponsor or original lender have not agreed between them who will retain the material net economic interest, the originator shall retain the material net economic interest.</p>	
	<p>PCS Comments See section, CERTAIN REGULATORY REQUIREMENTS, UK Securitisation Framework "The seller, in its capacity as the originator, for the purposes of SECN 5 and Article 6 of Chapter 2 together with Chapter 4 of the PRA Securitisation Rules (the UK Risk Retention Requirements), will (i) retain, on an on-going basis, a material net economic interest of not less than 5 per cent. in the nominal value of the securitised exposures as required by the text of the UK Risk Retention Requirements by retaining a seller share of no less than 5 per cent in the mortgages trust in accordance with Article 6(3)(b) of Chapter 2 of the PRA Securitisation Rules and SECN 5.2.8(1)(b) R and (ii) will agree not to hedge, sell or otherwise mitigate such risk." Any change to the manner in which such interest is held will be notified to noteholders in accordance with the conditions and the requirements of the UK Securitisation Framework. The seller has provided a corresponding undertaking with respect to: (i) the provision of such investor information and compliance with the requirements of Article 7(e)(iii) of the UK Securitisation Regulation (or if different, the equivalent provisions in any such enacted versions of such regulations) (the UK Transparency Requirements) by confirming the risk retention of the seller as contemplated by Article 6(1) of the UK Securitisation Regulation (or if different, the equivalent provisions in any such enacted versions of such regulations) as specified in the paragraph above; and (ii) the interest to be retained by the seller as specified in the introductory paragraph above to the dealers in the programme agreement and to the issuer, the issuer security trustee and the note trustee on behalf of the noteholders pursuant to the issuer deed of charge. The note trustee shall have the benefit of certain protections contained in the Trust Deed in relation to the compliance of the seller with such undertaking</p>	

<p>SECN 2.2.16 R (1) The interest rate [...] risks arising from the securitisation must be appropriately mitigated. Any measures taken to that effect must be disclosed.</p>		
34	<p><u>STS Criteria (prior)</u> 34. Article 21.2. The interest rate...risks arising from the securitisation shall be appropriately mitigated.</p>	<p>Verified? YES</p>
	<p>STS Criteria 2.2.16 R (1) The interest rate [...] risks arising from the securitisation must be appropriately mitigated. Any measures taken to that effect must be disclosed.</p>	
	<p>PCS Comments</p> <p>See section , THE SWAP AGREEMENTS, The swap agreements provides a summary. Note the statement on mitigation of interest rate and currency risks on (form of Final Terms) (Final Terms, Mitigation of interest rate and currency risks). Discretionary rates i.e., SVR are hedged (note the requirement under the Servicing Agreement to set interest rates if seller fails to perform (being in default or insolvent) under relevant swap to hedge SMR/BMR rates. Tracker Rate Loans rely on correlation with BBE and market rates. Form of the Final Terms also explains mitigations at the issuer, trust and Funding 1 level.</p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>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:</i></p> <ul style="list-style-type: none"> • <i>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.</i> • <i>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.</i> • <i>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.</i> <p><i>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.</i></p> <p><i>A similar approach has been taken to any currency hedging – full swaps with no caps for the full nominal amount where the relevant notes issued are in a currency other than Sterling.</i></p>	
35	<p><u>STS Criteria (prior)</u> 35. Article 21.2. Currency risks arising from the securitisation shall be appropriately mitigated.</p>	<p>Verified? YES</p>
	<p>STS Criteria 2.2.16 R (1) The [...] currency risks arising from the securitisation [...] must be appropriately mitigated. Any measures taken to that effect must be disclosed.</p>	

	<p>PCS Comments</p> <p>See section, THE SWAP AGREEMENTS. Note the statement on mitigation of interest rate and currency risks in the form of Final Terms and Final Terms, Mitigation of interest rate and currency risks.</p> <p>See the PCS comment under 34 above.</p> <p><i>Note that currently the programme does not have any Series of Notes that are denominated in a currency other than in Sterling. Specifically, there is no currency risk in this transaction as both the portfolio of loans and the Series 2024-1 Class 1A, 2A and 3A Notes are denominated in Sterling</i></p>	
36	<p><u>STS Criteria (prior)</u></p> <p>36. Article 21.2. Any measures taken to that effect shall be disclosed.</p>	<p>Verified? YES</p>
	<p>STS Criteria</p> <p>2.2.16 R (1) [...] Any measures taken to that effect must be disclosed.</p>	
	<p>PCS Comments</p> <p>See section, THE SWAP AGREEMENTS</p> <p>See PCS comment under 34 above.</p>	
<p>SECN 2.2.16 R (2) The securitisation must be structured such that: (a) the SSPE does not enter into derivative contracts, unless to hedge interest rate or currency risk; and (b) the pool of underlying exposures does not include derivatives.</p> <p>(3) Any derivatives into which the SSPE does enter in accordance with (2)(a) must be underwritten and documented according to common standards in international finance.</p>		
37	<p><u>STS Criteria (prior)</u></p> <p>37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...</p>	<p>Verified? YES</p>
	<p>STS Criteria</p> <p>2.2.16 R (2) The securitisation must be structured such that: (a) the SSPE does not enter into derivative contracts, unless to hedge interest rate or currency risk; and [...]</p>	
	<p>PCS Comments</p> <p>Refer to form of the Final Terms and the Final Terms, Mitigation of interest rate and currency risks</p> <p>"Except for the purpose of hedging interest-rate or currency risk, none of the Issuer, Funding 1 or the Mortgages Trustee will enter into derivative contracts, for purposes of SECN 2.2.16(2)(a)R."</p>	
38	<p><u>STS Criteria (prior)</u></p> <p>38. Article 21.2. ...Shall ensure that the pool of underlying exposures does not include derivatives.</p>	<p>Verified? YES</p>
	<p>STS Criteria</p>	

	<p>2.2.16 R (2) [...] The securitisation must be structured such that: (b) the pool of underlying exposures does not include derivatives.</p>	
	<p>PCS Comments Specific statement of exclusion in section, THE LOANS, Characteristics of the loans, other characteristics "The loans in the trust property, as at the relevant cut-off date, do not include: (i) any transferable securities for purposes of SECN 2.2.9(5) R; (ii) any securitisation positions for purposes of SECN 2.2.10 R; or (iii) any derivatives for purposes of SECN 2.2.16(2)(b) R, in each case on the basis that the loans in the trust property have been entered into substantially on the terms of similar standard documentation for residential mortgages loans</p>	
<p>39</p>	<p><u>STS Criteria (prior)</u> 39. Article 21.2. Those derivatives shall be underwritten and documented according to common standards in international finance.</p>	<p>Verified? YES</p>
<p>STS Criteria 2.2.16 R (3) Any derivatives into which the SSPE does enter in accordance with (2)(a) must be underwritten and documented according to common standards in international finance.</p>		
<p>PCS Comments See section, GLOSSARY for the definitions of: As applicable, Issuer Swap Agreements - ISDA noted; Funding 1 Swap Agreement – ISDA noted; Issuer Basis Swap Agreements – ISDA noted, Issuer interest rate swap agreement – ISDA noted.</p>		

<p>SECN 2.2.17 R Any referenced interest payments under the securitisation assets and liabilities must: (1) be based on generally used market interest rates or generally used sectoral rates reflective of the cost of funds; and (2) not reference complex formulae or derivatives.</p>		
40	<p><u>STS Criteria (prior)</u> 40. 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.</p>	<p><u>Verified?</u> YES</p>
	<p><u>STS Criteria</u> 2.2.17 R Any referenced interest payments under the securitisation assets and liabilities must: (1) be based on generally used market interest rates or generally used sectoral rates reflective of the cost of funds; and (2) not reference complex formulae or derivatives.</p>	
	<p><u>PCS Comments</u> For Assets : See section, THE LOANS, Interest Payments and Interest Rate Setting which describes the interest charged on the “standard variable mortgage rate loans”, the “fixed rate loans” and the “tracker loans”. For Liabilities: The Final Terms, Contractual Terms (10 (a). Interest Basis) indicates the reference rate for the Series 2024-1 Notes as Compounded Daily SONIA.</p>	

<p>SECN 2.2.18 R If an enforcement or an acceleration notice has been delivered:</p> <p>(1) no cash may be trapped in the SSPE above what is needed to ensure the SSPE’s operational functioning or the orderly repayment of investors under the securitisation’s contractual terms. However, an amount of cash may be so trapped if exceptional circumstances require it to be used (in the investors’ best interests) to pay expenses to prevent deterioration in the underlying exposures’ credit quality;</p> <p>(2) principal receipts from the underlying exposures must be passed to investors via sequential amortisation of the securitisation positions, as determined by the securitisation positions’ seniority;</p> <p>(3) repayment of the securitisation positions must not be reversed with regard to their seniority; and</p> <p>(4) no provisions may require automatic liquidation of the underlying exposures at market value.</p>		
41	<p><u>STS Criteria (prior)</u></p> <p>41. Article 21.4. 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>Verified? YES</p>
	<p>STS Criteria</p> <p>2.2.18 R If an enforcement or an acceleration notice has been delivered:</p> <p>(1) no cash may be trapped in the SSPE above what is needed to ensure the SSPE’s operational functioning or the orderly repayment of investors under the securitisation’s contractual terms. However, an amount of cash may be so trapped if exceptional circumstances require it to be used (in the investors’ best interests) to pay expenses to prevent deterioration in the underlying exposures’ credit quality;</p>	
	<p>PCS Comments</p> <p>No cash is trapped.</p> <p>Base prospectus – Summary of Funding 1 priority of Payments; and Summary of issuer priority of payments: The issuer post enforcement principal priority of payments:. Funding 1 post-enforcement priority of payments: and, finally, the Issuer post enforcement priority of payments:</p>	
42	<p><u>STS Criteria (prior)</u></p> <p>42. Article 21.4. (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>Verified? YES</p>
	<p>STS Criteria</p> <p>2.2.18 R If an enforcement or an acceleration notice has been delivered:</p> <p>(2) principal receipts from the underlying exposures must be passed to investors via sequential amortisation of the securitisation positions, as determined by the securitisation positions’ seniority;</p>	
	<p>PCS Comments</p> <p>Funding 1 – post inter-company loan acceleration; Issuer post note and intercompany loan acceleration</p>	
	<p><u>STS Criteria (prior)</u></p>	

43	43. Article 21.4. (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and	Verified? YES
	<p>STS Criteria</p> <p>2.2.18 R If an enforcement or an acceleration notice has been delivered: (3) repayment of the securitisation positions must not be reversed with regard to their seniority; and</p>	
	<p>PCS Comments</p> <p>Funding 1 – post inter-company loan acceleration; Issuer post note and intercompany loan acceleration</p>	
44	<p><u>STS Criteria (prior)</u></p> <p>44. Article 21.4. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.</p>	Verified? YES
	<p>STS Criteria</p> <p>2.2.18 R If an enforcement or an acceleration notice has been delivered: (4) no provisions may require automatic liquidation of the underlying exposures at market value.</p>	
	<p>PCS Comments</p> <p>Funding 1 – post inter-company loan acceleration ; Issuer post note and intercompany loan acceleration Specific statement that there are no such provisions in the Funding 1 and Issuer Deed of charge.</p> <p>See section, SECURITY FOR FUNDING 1’S OBLIGATIONS, Appointment, powers, responsibilities and liabilities of the Funding 1 security trustee</p> <p>“For purposes of SECN 2.2.18(4) R, no provision of the Funding 1 deed of charge requires automatic liquidation of the Funding 1 security upon default of the issuer.”</p> <p>See section, SECURITY FOR THE ISSUER’S OBLIGATIONS, Appointment, powers, responsibilities and liabilities of the issuer security trustee</p> <p>“For purposes of SECN 2.2.18(4) R, no provision of the issuer deed of charge requires automatic liquidation of the issuer security upon default of the issuer.”</p>	

SECN 2.2.19 R Transactions featuring non-sequential priority of payments must 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 must include the deterioration in the credit quality of the underlying exposures below a predetermined threshold.

45	<u>STS Criteria (prior)</u>	Verified? YES
	45. Article 21.5. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.	
	STS Criteria 2.2.19 R Transactions featuring non-sequential priority of payments must 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 must include the deterioration in the credit quality of the underlying exposures below a predetermined threshold.	
PCS Comments		
At Funding 1 level, see the section Triggers Tables – an asset trigger, a PDL based trigger is included. See also section CREDIT STRUCTURE, Repayment of term advances after an asset trigger event but before intercompany loan acceleration notice or acceleration of all notes,		
At the Issuer level, repayments of principal on the notes are sequential, pre-post note acceleration for notes in order of seniority. See section, CREDIT STRUCTURE, Distribution of issuer principal receipts before note acceleration, Distribution of issuer principal receipts after note acceleration but before intercompany loan acceleration		
The first step in analysing this criterion is to determine whether the transaction features non-sequential priorities of payment.		
<i>The Transaction does indeed have such non-sequential priorities.</i>		
<i>If the Transaction does, then does it contain appropriate triggers?</i>		
<i>The EBA Guidelines provide three examples of triggers that meet the requirement of “deterioration of the credit quality of the underlying exposures below a pre-determined threshold”. Where a trigger is one of the EBA examples, then the criterion is met. If not, then an analysis must be conducted to determine whether the trigger does meet the definition of the Regulation.</i>		
<i>In the Transaction, the trigger is the debit of any amount to the Principal Deficiency Ledger for AAA notes. This would occur only if losses on the pool exceeded a pre-determined threshold being the amount of credit enhancement sustaining those notes. As such, in PCS’ opinion, the trigger does meet the requirements of the Regulation.</i>		

SECN 2.2.20 R The transaction documentation must include appropriate early amortisation provisions or, in the case of a revolving securitisation, triggers for termination of the revolving period, including in the following circumstances:

- (1) the underlying exposures’ credit quality deteriorating to or below a predetermined threshold;
- (2) an insolvency-related event with regard to the originator or the servicer occurring;
- (3) the value of the underlying exposures falling below a predetermined threshold (early amortisation event); and
- (4) failing to generate sufficient new underlying exposures meeting the predetermined credit quality (trigger for termination of the revolving period).

46	<u>STS Criteria (prior)</u>	Verified?
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<p>46. 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;</p>	<p>YES</p>
<p>STS Criteria 2.2.20 R The transaction documentation must include appropriate early amortisation provisions or, in the case of a revolving securitisation, triggers for termination of the revolving period, including in the following circumstances: (1) the underlying exposures' credit quality deteriorating to or below a predetermined threshold;</p>	
<p>PCS Comments See section, MORTGAGE SALE AGREEMENT, Conditions for Sale of Loans. <i>Almost all master trusts, including the Silverstone Master Trust, have the ability to purchase new assets.</i> See section, MORTGAGE SALE AGREEMENT, Conditions for Sale of Loans. (b), (d) (f) and (h).</p>	

47	<u>STS Criteria (prior)</u> 47. Article 21.6. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;	Verified? YES
	STS Criteria 2.2.20 R (2) an insolvency-related event with regard to the originator or the servicer occurring;	
	PCS Comments See section, MORTGAGE SALE AGREEMENT, Conditions for Sale of Loans. (n). See the definition of non-asset trigger event.in the section, MORTGAGES TRUST	
48	<u>STS Criteria (prior)</u> 48. Article 21.6. (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);	Verified? YES
	STS Criteria 2.2.20 R (3) the value of the underlying exposures falling below a predetermined threshold (early amortisation event);	
	PCS Comments See the definition of non-asset trigger event.in the section, MORTGAGES TRUST sub paragraphs (c)and (d)	
49	<u>STS Criteria (prior)</u> 49. Article 21.6. (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).	Verified? YES
	STS Criteria 2.2.20 R (4) failing to generate sufficient new underlying exposures meeting the predetermined credit quality (trigger for termination of the revolving period).	
	PCS Comments See the definition of non-asset trigger event.in the section, MORTGAGES TRUST sub paragraphs (c)and (d) Also see section, MORTGAGE SALE AGREEMENT, Conditions for sale of loans The seller is not permitted to serve a new portfolio notice at any time after it ceases to originate new loans that are capable of meeting the predetermined credit quality requirements set out in the mortgage sale agreement and complying in all material respects with the representations and warranties	

<p>SECN 2.2.21 R The transaction documentation must clearly specify:</p> <p>(1) the servicer's, any trustee's and other ancillary service providers' contractual obligations, duties and responsibilities;</p> <p>(2) the processes and responsibilities necessary to ensure that the servicer's default or insolvency does not result in servicing terminating, such as a contractual provision enabling the servicer to be replaced in such cases; and</p> <p>(3) provisions ensuring derivative counterparties, liquidity providers and the account bank are replaced in the case of their default, insolvency and other specified events, where applicable.</p>		
50	<p><u>STS Criteria (prior)</u></p> <p>50. Article 21.7. The transaction documentation shall clearly specify:</p> <p>(a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;</p>	<p>Verified? YES</p>
	<p>STS Criteria</p> <p>2.2.21 R The transaction documentation must clearly specify:</p> <p>(1) the servicer's, any trustee's and other ancillary service providers' contractual obligations, duties and responsibilities;</p>	
	<p>PCS Comments</p> <p>Base prospectus contains summaries of the following outlining the contractual obligations :</p> <p>Servicer: The Servicing Agreement</p> <p>Cash Manager: Cash Management Agreement</p> <p>Issuer Cash Manager: Issuer Cash Management Agreement</p> <p>Accounts Banks: The Bank Account Agreements ;</p> <p>Funding 1 Security Trustee: Security for Funding 1's obligations</p> <p>Issuer Security Trustee: Security for Issuer's obligations</p> <p>Note trustee: Note Trust Deed and Conditions of the Notes.</p> <p>Swap prover: Swap Agreements</p>	
51	<p><u>STS Criteria (prior)</u></p> <p>51. Article 21.7. (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and</p>	<p>Verified? YES</p>
	<p>STS Criteria</p> <p>2.2.21 R (2) the processes and responsibilities necessary to ensure that the servicer's default or insolvency does not result in servicing terminating, such as a contractual provision enabling the servicer to be replaced in such cases;</p>	
	<p>PCS Comments</p> <p>See section THE SERVICING AGREEMENT which outlines Servicer Termination Events and requires the mortgages trustee and Funding 1 to use best endeavours to find a substitute servicer</p>	

52	<u>STS Criteria (prior)</u> 52. Article 21.7. (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.	Verified? YES
	STS Criteria 2.2.21 R (3) provisions ensuring derivative counterparties, liquidity providers and the account bank are replaced in the case of their default, insolvency and other specified events, where applicable.	
	PCS Comments See the section, Triggers Tables Swap Counterparties – Replacement upon termination – see sub section , fixed rate Funding 1 swaps, SVR Funding 1 swap can only be terminated on perfection event occurring. No replacement is required as the servicer has the power to set SVR in accordance with the servicing agreement. See sub section, Issuer swaps – replacement on termination, Rating Downgrades -- provision of collateral, guarantor or transfer. Rating Downgrade provisions are not applicable to the SVR Funding 1 swap. Account Banks – See section, THE BANK ACCOUNT AGREEMENTS “Funding 1 bank account agreement” - If Funding 1 Account Bank ceases to have required ratings either transfers accounts to bank with required ratings, obtains a guarantee or provides collateral. “Mortgages Trustee Bank Account Agreement” similar to above. “Issuer Bank Account Agreement” ceases to have the required ratings criteria similar either transfers to bank with required ratings, or obtains a guarantee.	
SECN 2.2.22 R The servicer must have: (1) expertise in servicing exposures of a similar nature to those securitised; and (2) well-documented and adequate policies, procedures and risk-management controls relating to the exposures’ servicing.		
53	<u>STS Criteria (prior)</u> 53. Article 21.8. The servicer shall have expertise in servicing exposures of a similar nature to those securitised	Verified? YES
	STS Criteria 2.2.22 R The servicer must have: (1) expertise in servicing exposures of a similar nature to those securitised; and	
	PCS Comments See section, NATIONWIDE BUILDING SOCIETY. <i>Nationwide Building Society is authorised by the PRA and FCA regulated.</i> “Nationwide has (and, at the relevant times, Anglia and Portman had) significantly more than five years of experience in the origination, underwriting and servicing of mortgage loans similar to those included in the portfolio.”	

	<p><i>The EBA Guidelines provide that an entity that has serviced similar assets for at least five years will be deemed to meet the expertise criterion.</i></p> <p><i>Nationwide has serviced residential mortgages for much longer than five years as described in the Prospectus.</i></p>	
54	<p><u>STS Criteria (prior)</u></p> <p>54. Article 21.8. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.</p>	<p>Verified? YES</p>
	<p>STS Criteria</p> <p>2.2.22 R (2) well-documented and adequate policies, procedures and risk-management controls relating to the exposures' servicing.</p>	
	<p>PCS Comments</p> <p>See section, NATIONWIDE BUILDING SOCIETY</p> <p>PRA authorised and FCA regulated. See also section arrears policy, as PRA authorised and FCA regulated the lending and arrears policies are required to comply with MCOB and CONC.</p> <p>See also section, CERTAIN REGULATORY REQUIREMENTS, Information regarding the policies and procedures of the seller.</p> <p><i>Nationwide is regulated in the United Kingdom by the PRA as stated in the Prospectus and separately verified by PCS. It therefore meets the criterion.</i></p>	

<p>SECN 2.2.23 R (1) The transaction documentation must clearly and consistently set out definitions, remedies and actions relating to: (a) delinquency and default of debtors; (b) debt restructuring; (c) debt forgiveness; (d) forbearance; (e) payment holidays; (f) losses; (g) charge offs; (h) recoveries; and (i) other asset performance remedies.</p>		
55	<p><u>STS Criteria (prior)</u></p> <p>55. Article 21.9. 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.</p>	<p>Verified? YES</p>
	<p>STS Criteria</p> <p>2.2.23 R (1) The transaction documentation must clearly and consistently set out definitions, remedies and actions relating to: (a) delinquency and default of debtors; (b) debt restructuring; (c) debt forgiveness; (d) forbearance; (e) payment holidays; (f) losses; (g) charge offs; (h) recoveries; and (i) other asset performance remedies.</p>	
	<p>PCS Comments</p> <p>See section, THE LOANS Arrears policy.</p> <p>See also sub sections, Overpayments and underpayments (or Flexible Payments or Payment Holidays) and restructuring and forbearance</p> <p><i>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</i></p>	

<p>SECN 2.2.23 R (2) The transaction documentation must clearly specify:</p> <p>(2) The transaction documentation must clearly specify:</p> <p>(a) the priorities of payment and events triggering any change to these; and</p> <p>(b) the obligation to report such events.</p> <p>(3) Any change in the priorities of payments which will materially adversely affect a securitisation position’s repayment must be reported to investors without undue delay.</p>		
56	<p><u>STS Criteria (prior)</u></p> <p>56. Article 21.9. The transaction documentation shall clearly specify the priorities of payment,</p>	<p>Verified? YES</p>
	<p>STS Criteria</p> <p>2.2.23 R (2) The transaction documentation must clearly specify:</p> <p>(a) the priorities of payment [...]</p>	
	<p>PCS Comments</p> <p>See section, OVERVIEW OF CREDIT STRUCTURE AND CASHFLOW Summary of Funding 1 priority of Payments and Summary of issuer priority of payments.</p> <p>See section, SECURITY FOR FUNDING 1’S OBLIGATIONS, Funding 1 pre-enforcement revenue priority of payments.</p> <p>See section, SECURITY FOR ISSUERS OBLIGATIONS, the issuer pre-enforcement revenue priority of payments</p> <p>See section, SECURITY FOR FUNDING 1’S OBLIGATIONS Funding 1 pre-enforcement principal priority of payments</p> <p>See section, SECURITY FOR ISSUERS OBLIGATIONS, the issuer post enforcement principal priority of payments.</p> <p>See section, SECURITY FOR FUNDING 1’S OBLIGATIONS, Funding 1 post-enforcement priority of payments</p> <p>See section, SECURITY FOR ISSUERS OBLIGATIONS, the Issuer post enforcement priority of payments.</p> <p><i>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</i></p>	
57	<p><u>STS Criteria (prior)</u></p> <p>57. Article 21.9. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.</p>	<p>Verified? YES</p>
	<p>STS Criteria</p> <p>2.2.23 R (2) The transaction documentation must clearly specify:</p> <p>(a) [...] events triggering any change to these (the priorities of payment);</p>	
	<p>PCS Comments</p> <p>See the TERMS AND CONDITIONS OF THE NOTES for Issuer Events of Default – Condition 9; and</p> <p>See also section, THE INTERCOMPANY LOAN AGREEMENT, Funding 1 intercompany loan events of default (included in the intercompany loan agreement) leading to loan acceleration</p>	

	<i>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</i>	
58	<p><u>STS Criteria (prior)</u> 58. Article 21.9. The transaction documentation shall clearly specify the obligation to report such events.</p>	<p>Verified? YES</p>
	<p><u>STS Criteria</u> 2.2.23 R (2) The transaction documentation must clearly specify: (b) the obligation to report such events.</p>	
	<p><u>PCS Comments</u> This is a future event. "Disclosure of modifications to the priorities of payments Any events which trigger changes in the priorities of payment and any change in the 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 SECN 2.2.23(2) R and SECN 2.2.23(3) R" <i>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</i></p>	

59	<p><u>STS Criteria (prior)</u> 59. Article 21.9. 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>	Verified? YES
	<p>STS Criteria 2.2.23 R (3) Any change in the priorities of payments which will materially adversely affect a securitisation position’s repayment must be reported to investors without undue delay.</p>	
	<p>PCS Comments This a future event “Disclosure of modifications to the priorities of payments “Any events which trigger changes in the priorities of payment and any change in the 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 SECN 2.2.23(2) R and SECN 2.2.23(3) R.” <i>This criterion requires notification to investors of events occurring in the future. Therefore, 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. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</i> <i>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> <i>PCS has identified the existence of such a covenant, but its attention has also been drawn to the fact that, since the notes are listed on the London Stock Exchange, there is an obligation to inform investors of events of this nature.</i></p>	
<p>SECN 2.2.24 R The transaction documentation must include clear: (1) provisions facilitating timely resolution of conflicts between different classes of investors; (2) definitions of voting rights; (3) allocation of voting rights to classes of investor; and (4) identification of responsibilities of the trustee and other entities with fiduciary duties to investors.</p>		
60	<p><u>STS Criteria (prior)</u> 60. Article 21.10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders</p>	Verified? YES
	<p>STS Criteria 2.2.24 R The transaction documentation must include clear: (1) provisions facilitating timely resolution of conflicts between different classes of investors; (2) definitions of voting rights; (3) allocation of voting rights to classes of investor; and [...]</p>	
	<p>PCS Comments See section, TERMS AND CONDITIONS OF THE NOTES</p>	

a) the method for calling meetings or arranging conference calls; Condition 11.1 and 11.2 , Note Trust Deed Schedule 6 ,
 (b) the maximum timeframe for setting up a meeting or conference call ; OVERVIEW OF RIGHTS OF NOTEHOLDERS , and Noteholders meeting provisions and also in Trust Deed
 (c) the required quorum; Condition 11.1 and Condition 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
 (e) where applicable, a location for the meetings which should be in the UK – OVERVIEW OF RIGHTS OF NOTEHOLDERS , Convening a meeting
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.
PCS has reviewed the documents to ascertain that all five are indeed present. PCS has satisfied itself that all five are set out in the Trust Deed.

SECN 2.2.24 R The transaction documentation must include clear:

(4) [...] identification of responsibilities of the trustee and other entities with fiduciary duties to investors.

61	<u>STS Criteria (prior)</u> 61. Article 21.10. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.	Verified? YES
	<u>STS Criteria</u> 2.2.24 R (4) [...] identification of responsibilities of the trustee and other entities with fiduciary duties to investors.	
	<u>PCS Comments</u> See the section, THE NOTE TRUSTEE, ISSUER SECURITY TRUSTEE AND FUNDING 1 SECURITY TRUSTEE Citing Note Trust Deed, T&C’s, Issuer Deed of Charge, Funding 1 Deed of Charge with respect to Note Trustee and Issuer and Funding 1 Security Trustee.	

<p>SECN 2.2.25 R Before pricing or original commitment to invest, the originator and the sponsor must make available to potential investors:</p> <p>(1) data covering a period of at least 5 years about static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised; and</p> <p>(2) the sources of the data in (1) and the reasons those exposures are substantially similar exposures to those being securitised.</p>		
62	<p><u>STS Criteria (prior)</u> 62. 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,</p>	<p>Verified? YES</p>
	<p>STS Criteria 2.2.25 R Before pricing or original commitment to invest, the originator and the sponsor must make available to potential investors: (1) data covering a period of at least 5 years about static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised; and (2) the sources of the data in (1) and the reasons those exposures are substantially similar exposures to those being securitised.</p>	
	<p>PCS Comments The Final Terms provides for dynamic data including write off and recoveries and delinquency data on whole portfolio of mortgage loans – see “Delinquency and loss experience of the Nationwide mortgage portfolio” and static data – see “Static Pool Data”</p>	
63	<p><u>STS Criteria (prior)</u> 63. Article 22.1. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.</p>	<p>Verified? YES</p>
	<p>STS Criteria 2.2.25 R (2) the sources of the data in (1) and the reasons those exposures are substantially similar exposures to those being securitised.</p>	
	<p>PCS Comments See point 62 above. Source: Nationwide.</p>	
64	<p><u>STS Criteria (prior)</u> 64. Article 22.1. Those data shall cover a period no shorter than five years.</p>	<p>Verified? YES</p>
	<p>STS Criteria 2.2.25 R (1) data covering a period of at least 5 years about static and dynamic historical default and loss performance,</p>	
	<p>PCS Comments Data covers 5-year period.</p>	

<p>SECN 2.2.26 R (1) An appropriate and independent external party must verify a sample of the underlying exposures before the securities resulting from the securitisation are issued. (2) That verification must confirm that the data disclosed in respect of the underlying exposures is accurate.</p>		
65	<p><u>STS Criteria (prior)</u> 65. 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,</p>	<p>Verified? YES</p>
	<p>STS Criteria 2.2.26 R (1) An appropriate and independent external party must verify a sample of the underlying exposures before the securities resulting from the securitisation are issued.</p>	
	<p>PCS Comments The Final Terms, section “Verification of Data” refers to verification of a sample of the portfolio and a check of conformity of the portfolio with certain eligibility criteria. <i>PCS has reviewed the report on “agreed upon procedures” (AUP) commonly known as a “pool audit”. PCS can confirm that this was done by an appropriate and independent third party.</i></p>	
66	<p><u>STS Criteria (prior)</u> 66. Article 22.2. Including verification that the data disclosed in respect of the underlying exposures is accurate.</p>	<p>Verified? YES</p>
	<p>STS Criteria 2.2.26 R (2) That verification must confirm that the data disclosed in respect of the underlying exposures is accurate.</p>	
	<p>PCS Comments See the Final Terms – Verification of data-which refers to data verification and accuracy.</p>	
<p>SECN 2.2.27 R (1) Before pricing or original commitment to invest, the originator or the sponsor must make available to potential investors a liability cashflow model precisely representing the contractual relationship between the underlying exposures and the payments flowing between: (a) the originator; (b) the sponsor; (c) the investors; (d) other third parties; and (e) the SSPE. (2) After pricing or original commitment to invest, the originator or the sponsor must continually make that model available to investors and potential investors on request.</p>		
67	<p><u>STS Criteria (prior)</u> 67. 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.</p>	<p>Verified? YES</p>
	<p>STS Criteria 2.2.27 R (1) Before pricing or original commitment to invest, the originator or the sponsor must make available to potential investors a liability cashflow model precisely representing the contractual relationship between the underlying exposures and the payments flowing between: (a) the originator; (b) the sponsor; (c) the investors; (d) other third parties; and (e) the SSPE.</p>	

PCS Comments

See section, LISTING AND GENERAL INFORMATION, Reporting under the UK Securitisation Regulation

“Liability cashflow model

The seller will make available a liability cashflow model, either directly or indirectly through one or more entities which provide such liability cashflow models to investors generally, which precisely represents the contractual relationship between the loans and the payments flowing between the seller, investors in the notes, other third parties and the issuer (i) prior to pricing of the notes to potential investors and (ii) on an on-going basis to investors in the and to potential investors in the notes upon request.”

The criterion requires an accurate liability model to be circulated to prospective investors pre-pricing.

To verify this criterion, PCS will require to see the model. It will then require a statement by the originator that the model was circulated as required by the criterion.

PCS is not a modelling firm nor has any modelling expertise. Therefore, it will not verify the model's accuracy or perform any due diligence whatsoever on the model. However, it will seek to satisfy itself indirectly as to the likelihood of the model's accuracy by requesting details of the individuals (if employed by the originator) or the firms (if the model is outsourced) responsible for the model. PCS will then assess whether, in its sole opinion, the model was put together by persons or firms with a reputation and a track-record in such models.

Having seen the model, read a statement in the prospectus that the model will be made available in accordance with the requirements of the criteria and assessed the firm responsible for the model, PCS is prepared to verify this criterion.

68

STS Criteria (prior)

68. Article 22.3. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.

STS Criteria

2.2.27 R (2) After pricing or original commitment to invest, the originator or the sponsor must continually make that model available to investors and potential investors on request.

**Verified?
YES**

PCS Comments

See point 67 above.

Although technically covering the period between pricing and close, this is primarily a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform the FCA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.

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

PCS notes the existence of such covenant in the Prospectus.

SECN 2.2.28 R For a securitisation whose underlying exposures are residential loans or auto loans or leases, the originator and sponsor must publish the available information about the environmental performance of the assets financed by such residential loans or auto loans or leases as part of the information disclosed pursuant to SECN 6.2.1R(1).

69	STS Criteria (prior) 69. 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).	Verified? YES
	STS Criteria 2.2.28 R For a securitisation whose underlying exposures are residential loans or auto loans or leases, the originator and sponsor must publish the available information about the environmental performance of the assets financed by such residential loans or auto loans or leases as part of the information disclosed pursuant to SECN 6.2.1R(1).	
	PCS Comments See the Final Terms, Securitisation Regulation, Environmental performance Environmental performance 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 SECN 2.2.28 R. As at the date hereof, such information includes the environmental performance certificate (EPC) ratings of the properties financed by the loans included in the portfolio, where available. <i>This environmental impact criterion only applies to mortgages and car loan securitisations. The EBA Guidelines though make it clear that an originator is only required to disclose information that is in its possession and captured in its internal data base or IT systems.</i>	

PRA: ARTICLE 7 TRANSPARENCY REQUIREMENTS

2. [...] Such designation does not relieve the other parties of their responsibilities set out in paragraph 1.
1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article and Chapters 5 and 6, make at least the following information available to holders of a securitisation position, to the PRA and, upon request, to potential investors:

70	STS Criteria (prior) 70. Article 22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.	Verified? YES
	STS Criteria 6.3.1 R (2) Such designation does not relieve the other parties referred to in SECN 6.3.1R of their responsibilities under SECN 6.2. 6.2.1 R The originator, sponsor and SSPE of a securitisation shall, in accordance with SECN 6.3, SECN 11 and SECN 12 make at least the following information available to holders of a securitisation position, to the FCA and, upon request, to potential investors: [...] PRA: Article 7.1 The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article and Chapters 5 and 6, make at least the following information available to holders of a securitisation position, to the PRA and, upon request, to potential investors:	
	PCS Comments	

See section, CERTAIN REGULATORY REQUIREMENTS, UK Securitisation Regulation

“For the purposes of Article 7(2) of Chapter 2 of the PRA Securitisation Rules and SECN 6.3.1(1) R, the seller as originator has been designated as the entity responsible for compliance with the requirements of Article 7 of the UK Transparency Requirements and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf”[...]

PRA: ARTICLE 7 TRANSPARENCY REQUIREMENTS

1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article and Chapters 5 and 6, make at least the following information available to holders of a securitisation position, to the PRA and, upon request, to potential investors:

(a) information on the underlying exposures on a quarterly basis, or, in the case of asset-backed commercial paper, information on the underlying receivables or credit claims on a monthly basis;

71	<p>STS Criteria (prior) 71. Article 22.5. The information required by point (a) the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request.</p>	Verified? YES
	<p>STS Criteria 2.2.29 R (1) Before pricing or original commitment to invest, the following information must be made available to potential investors: (a) that required by SECN 6.2.1R(1); and (b) at least in draft or initial form, that required by SECN 6.2.1R(2) to SECN 6.2.1R(4). 6.2.1 R The originator, sponsor and SSPE of a securitisation shall, in accordance with SECN 6.3, SECN 11 and SECN 12 make at least the following information available to holders of a securitisation position, to the FCA and, upon request, to potential investors: (1) information on the underlying exposures on a quarterly basis, [...] PRA: Article 7.1 The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article and Chapters 5 and 6, make at least the following information available to holders of a securitisation position, to the PRA and, upon request, to potential investors: (a) information on the underlying exposures on a quarterly basis, or, in the case of asset-backed commercial paper, information on the underlying receivables or credit claims on a monthly basis;</p>	
	<p>PCS Comments See section, LISTING AND GENERAL INFORMATION, Reporting under the UK Securitisation Framework The seller will also procure: (b) that copies of the documents required pursuant to the UK Securitisation Regulation (including the documents required <u>under Articles 7(1)(a) and 7(1)(b) of the UK Securitisation Regulation, such as the transaction documents, this base prospectus and any supplements thereto, and certain loan-by-loan information in relation to the portfolio) are made available (in draft form, if applicable) prior to the pricing of any series of notes issued after 1 January 2019 (and in final form, if applicable, at the latest 15 days after the closing of any series of notes); and</u></p>	

72	<p><u>STS Criteria (prior)</u> 72. Article 22.5. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.</p> <p>STS Criteria</p> <p>2.2.29 R (1) Before pricing or original commitment to invest, the following information must be made available to potential investors: (a) that required by SECN 6.2.1R(1); and (b) at least in draft or initial form, that required by SECN 6.2.1R(2) to SECN 6.2.1R(4).</p> <p>2.2.29 R (2) The final documentation must be made available to investors at the latest 15 days after closing of the transaction.</p> <p>6.2.1 R The originator, sponsor and SSPE of a securitisation shall, in accordance with SECN 6.3, SECN 11 and SECN 12 make at least the following information available to holders of a securitisation position, to the FCA and, upon request, to potential investors:</p> <p>6.2.1 R (2) all underlying documentation essential for the understanding of the transaction, including but not limited to, where applicable, the following documents: (a) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions; (b) for traditional securitisation, the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust; (c) the derivatives and guarantee agreements, as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator; (d) the servicing, back-up servicing, administration and cash management agreements; (e) 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;</p> <p>6.2.1 R (3) where section 85 of the Act (Contravention of prohibition relating to public offer of securities) and rules made by the FCA for the purposes of Part 6 of the 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: (a) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure; (b) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features; (c) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors; and (d) a list of all triggers and events referred to in the documents provided in accordance with SECN 6.2.1R(2) that could have a material impact on the performance of the securitisation position;</p> <p>6.2.1 R (4) in the case of STS securitisations, the STS notification referred to in SECN 2.5;</p> <p>6.2.2 R (2) The information described in SECN 6.2.1R(2), SECN 6.2.1R(3) and SECN 6.2.1R(4) must be made available before pricing or original commitment to invest in draft or initial form. Final versions of this information must be made available at the latest 15 days after closing of the transaction.</p> <p>PRA: 7.1 The information described in points (b), (c) and (d) of the first subparagraph shall be made available in draft or initial form before pricing or original commitment to invest and in final form no later than 15 days after closing of the transaction.</p>	<p><u>Verified?</u> YES</p>
	<p>PCS Comments</p> <p>See section, LISTING AND GENERAL INFORMATION, Reporting under the UK Securitisation Framework</p>	

The seller will also procure:

"[.]The seller will also procure:

(b) that copies of the documents required pursuant to the UK Securitisation Regulation (including the documents required under Articles 7(1)(a) and 7(1)(b) of the UK Securitisation Regulation, such as the transaction documents, this base prospectus and any supplements thereto, and certain loan-by-loan information in relation to the portfolio) are made available (in draft form, if applicable) prior to the pricing of any series of notes issued after 1 January 2019 (and in final form, if applicable, at the latest 15 days after the closing of any series of notes); and

(c) that each UK STS notification is made available prior to the pricing of any such series of notes,"

PRA: ARTICLE 7 TRANSPARENCY REQUIREMENTS

The information described in points (b), (c) and (d) of the first subparagraph shall be made available in draft or initial form before pricing or original commitment to invest and in final form no later than 15 days after closing of the transaction.

73	<u>STS Criteria (prior)</u> 73. Article 22.5. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.	Verified? YES
	<u>STS Criteria</u> 6.2.2 R (2) The information described in SECN 6.2.1R(2), SECN 6.2.1R(3) and SECN 6.2.1R(4) must be made available before pricing or original commitment to invest in draft or initial form. Final versions of this information must be made available at the latest 15 days after closing of the transaction. 2.2.29 R (2) The final documentation must be made available to investors at the latest 15 days after closing of the transaction. PRA: ARTICLE 7.1 The information described in points (b), (c) and (d) of the first subparagraph shall be made available in draft or initial form before pricing or original commitment to invest and in final form no later than 15 days after closing of the transaction.	
	<u>PCS Comments</u> See section, LISTING AND GENERAL INFORMATION, Reporting under the UK Securitisation Framework The seller will also procure: "[.] (b) that copies of the documents required pursuant to the UK Securitisation Regulation (including the documents required under Articles 7(1)(a) and 7(1)(b) of the UK Securitisation Regulation, such as the transaction documents, this base prospectus and any supplements thereto, and certain loan-by-loan information in relation to the portfolio) are made available (in draft form, if applicable) prior to the pricing of any series of notes issued after 1 January 2019 (and in final form, if applicable, at the latest 15 days after the closing of any series of notes); and <i>This criterion speaks to document disclosure within 15 days of closing and therefore is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if it is not met within the specified 15-day period, then the Originator will need to inform the FCA and the STS status of the securitisation will be lost.</i> <i>Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</i> <i>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>	

PCS notes the existence of such covenant in the Prospectus.

PRA: ARTICLE 7 TRANSPARENCY REQUIREMENTS

1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article and Chapters 5 and 6, make at least the following information available to holders of a securitisation position, to the PRA and, upon request, to potential investors:

(a) information on the underlying exposures on a quarterly basis, or, in the case of asset-backed commercial paper, information on the underlying receivables or credit claims on a monthly basis;

74	<p>STS Criteria (prior) 74. 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,</p>	Verified? YES
	<p>STS Criteria 6.2.1 R The originator, sponsor and SSPE of a securitisation shall, in accordance with SECN 6.3, SECN 11 and SECN 12 make at least the following information available to holders of a securitisation position, to the FCA and, upon request, to potential investors: (1) information on the underlying exposures on a quarterly basis, [...] PRA: Article 7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article and Chapters 5 and 6, make at least the following information available to holders of a securitisation position, to the PRA and, upon request, to potential investors: (a) information on the underlying exposures on a quarterly basis, [...]</p>	
	<p>PCS Comments See section, LISTING AND GENERAL INFORMATION, Reporting under the UK Securitisation Framework The seller will procure the publication of: (b) certain loan-by-loan information in relation to the portfolio as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation on a quarterly basis (at the latest one month after the relevant interest payment date and simultaneously with the investor report provided pursuant to paragraph (a) above), <i>All the criteria from 74 onwards are future event criteria, as to which we refer you to PCS' analysis in Note 73 above.</i> <i>PCS notes the existence of a covenant to provide all the Article 7 information in the Prospectus.</i></p>	

PRA: ARTICLE 7 TRANSPARENCY REQUIREMENTS

1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article and Chapters 5 and 6, make at least the following information available to holders of a securitisation position, to the PRA and, upon request, to potential investors:

- (b) all underlying documentation 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; and
 - (vii) a detailed description of the priority of payments of the securitisation;

75	<p>STS Criteria (prior) 75. Article 7.1. (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"> (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust; (iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator; (iv) the servicing, back-up servicing, administration and cash management agreements; (v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value; (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements; 	Verified? YES
<p>STS Criteria 6.2.1 R (2) all underlying documentation essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:</p> <ul style="list-style-type: none"> (a) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions; (b) for traditional securitisation, the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust; (c) the derivatives and guarantee agreements, as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator; (d) the servicing, back-up servicing, administration and cash management agreements; (e) 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; 		

(f) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements; and

PRA: Article 7.1. (b) all underlying documentation 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; and
- (vii) a detailed description of the priority of payments of the securitisation;

PCS Comments

See section, LISTING AND GENERAL INFORMATION, Documents available

Also see section, CERTAIN REGULATORY REQUIREMENTS, UK Securitisation Regulation

See section, LISTING AND GENERAL INFORMATION, Reporting under the UK Securitisation Regulation Framework

The seller will also procure:

"[...] (b) that copies of the documents required pursuant to the UK Securitisation Regulation (including the documents required under Articles 7(1)(a) and 7(1)(b) of the UK Securitisation Regulation, such as the transaction documents, this base prospectus and any supplements thereto, and certain loan-by-loan information in relation to the portfolio) are made available (in draft form, if applicable) prior to the pricing of any series of notes issued after 1 January 2019 (and in final form, if applicable, at the latest 15 days after the closing of any series of notes); and"

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

PRA: ARTICLE 7 TRANSPARENCY REQUIREMENTS

1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article and Chapters 5 and 6, make at least the following information available to holders of a securitisation position, to the PRA and, upon request, to potential investors:

(b) all underlying documentation essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:

(vii) a detailed description of the priority of payments of the securitisation;

76 STS Criteria (prior)

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

Verified?

	<p>STS Criteria FCA: 6.2.1 R (g) a detailed description of the priority of payments of the securitisation; PRA: Article 7.1. (b) (vii) a detailed description of the priority of payments of the securitisation;</p>	YES
	<p>PCS Comments Base prospectus – Summary of Funding 1 priority of Payments and Summary of issuer priority of payments. Base prospectus also cites the Funding 1 deed of charge for Funding 1 pre-enforcement priority of payments and Funding 1 post-enforcement priority of payments.</p>	

PRA: ARTICLE 7 TRANSPARENCY REQUIREMENTS

1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article and Chapters 5 and 6, make at least the following information available to holders of a securitisation position, to the PRA and, upon request, to potential investors:

- (c) where section 85 of FSMA (prohibition of dealing etc in transferable securities without approved prospectus) and rules made by the FCA for the purposes of Part 6 of FSMA (official listing) do not require a prospectus to be drawn up, a transaction summary or overview of the main features of the securitisation, including, where applicable:
 - (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;
 - (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
 - (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors; and
 - (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) of this subparagraph that could have a material impact on the performance of the securitisation position;

77	<p>STS Criteria (prior) 77. Article 7.1. (c) section 85 of the 2000 Act (prohibition of dealing etc in transferable securities without approved prospectus) and rules made by the FCA for the purposes of Part 6 of the 2000 Act (official listing) do not require a prospectus to be drawn up, a transaction summary or overview of the main features of the securitisation, including, where applicable: <ul style="list-style-type: none"> (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure; (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features; (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors; (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position; </p>	Verified? YES
<p>STS Criteria 6.2.1 R (3) where section 85 of the Act (Contravention of prohibition relating to public offer of securities) and rules made by the FCA for the purposes of Part 6 of the 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: <ul style="list-style-type: none"> (a) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure; (b) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features; </p>		

(c) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors; and
 (d) a list of all triggers and events referred to in the documents provided in accordance with SECN 6.2.1R(2) that could have a material impact on the performance of the securitisation position;
PRA: Article 7.1. (c) where section 85 of FSMA (prohibition of dealing etc in transferable securities without approved prospectus) and rules made by the FCA for the purposes of Part 6 of FSMA (official listing) do not require a prospectus to be drawn up, a transaction summary or overview of the main features of the securitisation, including, where applicable:
 (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;
 (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
 (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors; and
 (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) of this subparagraph that could have a material impact on the performance of the securitisation position;

PCS Comments

Not applicable.

PRA: ARTICLE 7 TRANSPARENCY REQUIREMENTS

1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article and Chapters 5 and 6, make at least the following information available to holders of a securitisation position, to the PRA and, upon request, to potential investors:

(d) in the case of STS securitisations, the STS notification referred to in SECN 2.5 of the FCA Handbook;

78 STS Criteria (prior)

78. Article 7.1. (d) in the case of STS securitisations, the STS notification referred to in Article 27;

STS Criteria

6.2.1 R (4) in the case of STS securitisations, the STS notification referred to in SECN 2.5;

PRA: Article 7.1. (d) in the case of STS securitisations, the STS notification referred to in SECN 2.5 of the FCA Handbook;

PCS Comments

See section, LISTING AND GENERAL INFORMATION, Reporting under the UK Securitisation Framework

The seller will also procure:

(c) that each UK STS notification is made available prior to the pricing of any such series of notes,”

See also section in the Final Terms

UK STS Requirements

**Verified?
YES**

The seller, as originator, has procured a UK STS Notification to be submitted to the FCA, in accordance with SECN 2.5, that the UK STS Requirements have been satisfied with respect to the series 2024-1 notes. It is expected that the UK STS Notification will be available on the website of the FCA. For the avoidance of doubt, this website and the contents thereof do not form part of this Final Terms.

PRA: ARTICLE 7 TRANSPARENCY REQUIREMENTS

1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article and Chapters 5 and 6, make at least the following information available to holders of a securitisation position, to the PRA and, upon request, to potential investors:

- (e) quarterly investor reports, or, in the case of asset-backed commercial paper programme, monthly investor reports, containing at least 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 or ABCP programme, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation; and
 - (iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) of this Chapter has been applied, in accordance with Article 6 of this Chapter and Chapters 5 and 6;

79	<p><u>STS Criteria (prior)</u> 79. Article 7.1. (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.</p>	<u>Verified?</u> YES
<p>STS Criteria 6.2.1 R (5) quarterly investor reports, or, in the case of asset backed commercial paper, monthly investor reports, containing at least the following: (a) all materially relevant data on the credit quality and performance of underlying exposures; (b) information on events which trigger changes in the priority of payments or the replacements of any counterparties, and, in the case of a securitisation which is not an ABCP transaction or an ABCP programme, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation; and (c) information about the risk retained, including information on which of the modalities provided for in SECN 5.6.15R has been applied, in accordance with SECN 5, SECN 11 and SECN 12. PRA: Article 7.1. (e) quarterly investor reports, or, in the case of asset-backed commercial paper programme, monthly investor reports, containing at least 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 or ABCP programme, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation; and</p>		

(iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) of this Chapter has been applied, in accordance with Article 6 of this Chapter and Chapters 5 and 6;

PCS Comments

See section, LISTING AND GENERAL INFORMATION, Reporting under the UK Securitisation Framework

The seller will procure the publication of:

- (a) a quarterly investor report on each interest payment date or shortly thereafter (and at the latest one month after the relevant interest payment date) as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation;

PRA: ARTICLE 7 TRANSPARENCY REQUIREMENTS

1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article and Chapters 5 and 6, make at least the following information available to holders of a securitisation position, to the PRA 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; and

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STS Criteria (prior)

80. Article 7.1. (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;

STS Criteria

6.2.1 R (6) any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of the Market Abuse Regulation;

PRA: Article 7.1. (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; and

PCS Comments

See section, LISTING AND GENERAL INFORMATION, Reporting under the UK Securitisation Framework

“The seller will also procure:

- (a) the publication of any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation without delay; and

**Verified?
YES**

PRA: ARTICLE 7 TRANSPARENCY REQUIREMENTS

1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article and Chapters 5 and 6, make at least the following information available to holders of a securitisation position, to the PRA and, upon request, to potential investors:

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

(i) a material breach of the obligations provided for in the documents made available in accordance with point (b) of this subparagraph, including any remedy, waiver or consent subsequently provided in relation to such a breach;

(ii) a change in the structural features that can materially impact the performance of the securitisation;

(iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;

(iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where the PRA or FCA has taken remedial or administrative actions; and

(v) any material amendment to transaction documents.

81	<p>STS Criteria (prior) 81. Article 7.1. (g) where point (f) does not apply, any significant event such as: (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach; (ii) a change in the structural features that can materially impact the performance of the securitisation (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation; (iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where the competent authority has taken remedial or administrative actions; (v) any material amendment to transaction documents.</p>	Verified? YES
<p>STS Criteria 6.2.1 R (7) where SECN 6.2.1R(6) does not apply, any significant event, such as: (a) a material breach of the obligations provided for in the documents made available in accordance with SECN 6.2.1R(2), including any remedy, waiver or consent subsequently provided in relation to such a breach; (b) a change in the structural features that can materially impact the performance of the securitisation; (c) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation; (d) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where the FCA or PRA have taken remedial or administrative actions; and (e) any material amendment to transaction documents.</p>		
<p>PRA: Article 7.1. (g) where point (f) of this subparagraph does not apply, any significant event, such as: (i) a material breach of the obligations provided for in the documents made available in accordance with point (b) of this subparagraph, 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;</p>		

(iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where the PRA or FCA has taken remedial or administrative actions; and
 (v) any material amendment to transaction documents.

PCS Comments

See section, LISTING AND GENERAL INFORMATION, Reporting under the UK Securitisation Framework

“The seller will also procure:

(a) the publication of any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation without delay; and

PRA: ARTICLE 7 TRANSPARENCY REQUIREMENTS

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 or, in the case of ABCP transactions, at the latest one month after the end of the period the report covers.

82 STS Criteria (prior)

82. 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]

STS Criteria

6.2.2 R (1) The information described in SECN 6.2.1R(1) and SECN 6.2.1R(5) shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest or, in the case of ABCP transactions, at the latest one month after the end of the period the report covers.

PRA: 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 or, in the case of ABCP transactions, at the latest one month after the end of the period the report covers.

PCS Comments

The Seller will procure the simultaneous publication of the loan by loan information in relation to the portfolio and the investor report.

See section, LISTING AND GENERAL INFORMATION, – Reporting under the securitisation framework.

“The seller will procure the publication of:

(a) a quarterly investor report on each interest payment date or shortly thereafter (and at the latest one month after the relevant interest payment date) as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation;

(b) certain loan-by-loan information in relation to the portfolio as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation on a quarterly basis (at the latest one month after the relevant interest payment date and simultaneously with the investor report provided pursuant to paragraph (a) above),

in each case simultaneously each quarter (to the extent required under Article 7(1) of the UK Securitisation Regulation).”

**Verified?
YES**

PRA: ARTICLE 7 TRANSPARENCY REQUIREMENTS

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.

83	<p>STS Criteria (prior) 83. 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</p>	Verified? YES
	<p>STS Criteria 6.2.4 R Without prejudice to the provisions of the Market Abuse Regulation, the information described in SECN 6.2.1R(6) and SECN 6.2.1R(7) shall be made available without delay. PRA: 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.</p>	
	<p>PCS Comments See section, LISTING AND GENERAL INFORMATION, Reporting under the UK Securitisation Framework “The seller will also procure: (a) the publication of any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation without delay; and</p>	

PRA: ARTICLE 7 TRANSPARENCY REQUIREMENTS

2. The originator, sponsor and SSPE of a securitisation must designate one of their number to be the entity responsible for fulfilling the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1 of this Article. Such designation does not relieve the other parties of their responsibilities set out in paragraph 1.

The reporting entity shall make the information for a securitisation transaction available by means of a securitisation repository registered by the FCA.

The reporting entity and the securitisation repository shall be indicated in the securitisation’s documentation.

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

The reporting entity and the securitisation repository where the information is made available shall be indicated in the documentation regarding the securitisation.

84	<p>STS Criteria (prior) 84. Article 7.2. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1. The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository. Or The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.</p>	Verified? YES
	<p>STS Criteria 6.3.1 R (1) The originator, sponsor and SSPE of a securitisation must designate one of their number to be the entity responsible for fulfilling the information requirements under SECN 6.2.1R(1), SECN 6.2.1R(2), SECN 6.2.1R(4), SECN 6.2.1R(5), SECN 6.2.1R(6) and SECN 6.2.1R(7).</p>	

PRA: Article 7.2. The originator, sponsor and SSPE of a securitisation must designate one of their number to be the entity responsible for fulfilling the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1 of this Article. Such designation does not relieve the other parties of their responsibilities set out in paragraph 1.

PCS Comments

The Seller i.e., Nationwide building Society, is the entity designated as responsible for compliance with the requirements of Article 7. See section, CERTAIN REGULATORY REQUIREMENTS, UK Securitisation Regulation

The website cited where the information will be made available via SecRep Limited . See section, LISTING AND GENERAL INFORMATION, – Reporting under the securitisation framework.

85	<p>STS Criteria (prior) 85. Article 7.2. 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>	Verified? YES
	<p>STS Criteria 6.3.2 R The reporting entity shall make the information for a securitisation transaction available by means of a securitisation repository registered by the FCA. 6.3.5 R In relation to SECN 6.3.2R and SECN 6.3.4R, the reporting entity and the securitisation repository where the information is made available shall be indicated in the documentation regarding the securitisation. PRA: Article 7.2. The reporting entity shall make the information for a securitisation transaction available by means of a securitisation repository registered by the FCA. The reporting entity and the securitisation repository shall be indicated in the securitisation’s documentation. The obligations referred to in the second and fifth subparagraphs shall not apply to securitisations for which section 85 of FSMA and rules made by the FCA for the purposes of Part 6 of FSMA do not require a prospectus to be drawn up. [...] The reporting entity and the securitisation repository where the information is made available shall be indicated in the documentation regarding the securitisation.</p>	
	<p>PCS Comments See point 84 above.</p>	