

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER. THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE RETENTION HOLDER (A "**U.S. RISK RETENTION CONSENT**") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**"), THE NOTES AND THE RESIDUAL CERTIFICATES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S. EACH PURCHASER OF THE NOTES, THE RESIDUAL CERTIFICATES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES OR RESIDUAL CERTIFICATES BY ITS ACQUISITION OF THE NOTES, THE RESIDUAL CERTIFICATE OR A BENEFICIAL INTEREST THEREIN, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (i) IS NOT A RISK RETENTION U.S. PERSON OR (ii) IT HAS OBTAINED A U.S. RISK RETENTION CONSENT FROM THE RETENTION HOLDER, (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

THE FOLLOWING PROSPECTUS HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THE FOLLOWING PROSPECTUS MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED. BY ACCESSING THE FOLLOWING PROSPECTUS, YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT (A) YOU HAVE

UNDERSTOOD AND AGREE TO THE TERMS SET OUT HEREIN, (B) YOU CONSENT TO DELIVERY OF THE FOLLOWING PROSPECTUS BY ELECTRONIC TRANSMISSION, (C) YOU ARE NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) OR ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND THE ELECTRONIC MAIL ADDRESS THAT YOU HAVE GIVEN TO US AND TO WHICH THIS EMAIL HAS BEEN DELIVERED IS NOT LOCATED IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS) OR THE DISTRICT OF COLUMBIA AND (D) IF YOU ARE A PERSON IN THE UNITED KINGDOM, THEN YOU ARE A PERSON WHO (I) HAS PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS OR (II) IS A HIGH NET WORTH ENTITY FALLING WITHIN ARTICLES 49(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT (FINANCIAL PROMOTION) ORDER 2005.

The following prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Stratton Mortgage Funding 2020-1 plc (the "**Issuer**"), Ertow Holdings VI Designated Activity Company (the "**Seller**"), Burlington Loan Management Designated Activity Company (the "**Retention Holder**"), Merrill Lynch International (the "**Lead Manager**") nor any person who controls any such person nor any director, officer, employee or agent of any such person or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the following prospectus distributed to you in electronic format and the hard copy version available to you on request from the Lead Manager.

Stratton Mortgage Funding 2020-1 plc

(Incorporated under the laws of England and Wales with limited liability, registered number 12763457)

Legal Entity Identifier: 213800G2XU9VVSXRMZ98

Securitisation transaction unique identifier: 213800G2XU9VVSXRMZ98N20201

| Class of Notes | Initial Principal Amount | Issue Price | Reference Rate | Margin | Step-Up Margin (payable from Optional Redemption Date) | Ratings (S&P / Fitch) | Final Maturity Date |
|-----------------------|---------------------------------|--------------------|--------------------------|-----------------|---|----------------------------------|---|
| Class A Notes | £189,600,000 | 99.13 | Compounded Daily SONIA | 0.90% per annum | 1.80% per annum | AAA/AAA | The Interest Payment Date falling in March 2052 |
| Class B Notes | £17,300,000 | 93.26 | Compounded Daily SONIA** | 1.60% per annum | 2.40% per annum | AA/AA- | The Interest Payment Date falling in March 2052 |
| Class C Notes | £12,400,000 | 93.65 | Compounded Daily SONIA** | 2.00% per annum | 3.00% per annum | A/A | The Interest Payment Date falling in March 2052 |
| Class D Notes | £9,300,000 | 92.38 | Compounded Daily SONIA** | 2.50% per annum | 3.75% per annum | BBB+/BBB | The Interest Payment Date falling in March 2052 |
| Class E Notes | £4,400,000 | 89.86 | Compounded Daily SONIA** | 3.00% per annum | 4.50% per annum | BBB-/BB | The Interest Payment Date falling in March 2052 |
| Class F Notes | £2,500,000 | 86.99 | Compounded Daily SONIA** | 4.00% per annum | 6.00% per annum | BB/B | The Interest Payment Date falling in March 2052 |
| Class G Notes | £3,800,000 | 23.22 | N/A | N/A | N/A | Not Rated | The Interest Payment Date falling in March 2052 |
| Class X1 Notes | £1,750,000 | 98.98 | Compounded Daily SONIA** | 4.00% per annum | N/A* | Not Rated | The Interest Payment Date falling in March 2052 |
| Class X2 Notes | £1,250,000 | 95.55 | Compounded Daily SONIA** | 4.00% per annum | N/A* | Not Rated | The Interest Payment Date falling in March 2052 |
| Class Z1 Notes | £8,630,000 | 100.00 | N/A | N/A | N/A | Not Rated | The Interest Payment Date falling in March 2052 |

| Class of Notes | Initial Principal Amount | Issue Price | Reference Rate | Margin | Step-Up Margin (payable from Optional Redemption Date) | Ratings (S&P / Fitch) | Final Maturity Date |
|-----------------------|---------------------------------|--------------------|-----------------------|---------------|---|----------------------------------|---|
| Class Z2 Notes | £4,580,000 | 100.00 | N/A | N/A | N/A | Not Rated | The Interest Payment Date falling in March 2052 |

The Optional Redemption Date is the Interest Payment Date falling in June 2024. From the Collection Period End Date immediately preceding the Optional Redemption Date, the Option Holder has the right to exercise the Call Option in relation to the Portfolio, which would result in an early redemption of the Notes.

- * On and from the Optional Redemption Date, the Class X Notes will not bear interest.
- ** Capped at 8%.

ARRANGER

BofA Securities¹

The date of this Prospectus is 21 August 2020

¹ BofA Securities means Merrill Lynch International

Issue Date The Issuer will issue the Notes in the classes set out above and the Residual Certificates on or about 24 August 2020 (the "**Closing Date**").

**Standalone/
programme
issuance** Standalone issuance.

Listing This document comprises a prospectus (the **Prospectus**) for the purposes of Regulation (EU) 2017/1129 as amended or superseded (the **Prospectus Regulation**). This Prospectus has been approved as a prospectus by the Central Bank of Ireland (the **Central Bank**) as the competent authority under the Prospectus Regulation. The Central Bank only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Central Bank should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. Such approval relates to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (together, the **Rated Notes**), the Class X1 Notes, the Class X2 Notes (together with the Class X1 Notes, the **Class X Notes**), the Class G Notes, the Class Z1 Notes and the Class Z2 Notes (together with the Class Z1 Notes, the **Class Z Notes**). The Rated Notes together with the Class G Notes and the Class Z1 Notes are the "**Collateralised Notes**". The Collateralised Notes together with the Class X Notes and the Class Z2 Notes are the "**Notes**", which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**" or the "**Markets in Financial Instruments Directive**") and/or which are to be offered to the public in any Member State of the European Economic Area.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin, (**Euronext Dublin**) for the Notes to be admitted to the official list (the **Official List**) and traded on its regulated market (the **Regulated Market**). The Regulated Market of Euronext Dublin is a regulated market for the purposes of MiFID II. Investors should make their own assessment as to the suitability of investing in the Notes.

The Prospectus is valid for 12 months from its date. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply once the Notes are admitted to the Official List and trading on its regulated market.

**Underlying
Assets** The Issuer will make payments on the Notes from, *inter alia*, payments of principal and revenue received from a portfolio comprising mortgage loans and their related security sold on the Closing Date by Ertow Holdings VI Designated Activity Company (the "**Seller**") and originated by the Originators (as defined below) and secured over residential properties located in England, Wales, Northern Ireland and Scotland which will be purchased by the Issuer on the Closing Date.

See the sections entitled "*Transaction Overview – Portfolio and Servicing*", "*The Loans*" and "*Characteristics of the Provisional Portfolio*" for further details.

**Credit
Enhancement** Credit enhancement of the Notes is provided in the following manner:

- in relation to each Class of the Rated Notes and the Class G Notes, the overcollateralisation funded by Collateralised Notes ranking junior to such Class of Notes in the relevant Priority of Payments (if any);

- in relation to each Class of Notes, (other than the Class G Notes and the Class Z Notes) the amount by which Available Revenue Receipts exceed the amounts required to pay interest (and, in the case of the Class X Notes, principal and interest (where applicable)) on the relevant Class of Notes and all other amounts ranking in priority thereto in accordance with the Pre-Enforcement Revenue Priority of Payments;
- prior to the earlier of the Class D Note Redemption Date, the Optional Redemption Date or the Final Redemption Date, to all Classes of Notes, any Liquidity Reserve Fund Excess Amount as Available Redemption Receipts in the Pre-Enforcement Redemption Priority of Payments, subject to the Liquidity Availability Conditions;
- on the earlier of the Class D Note Redemption Date, the Optional Redemption Date and the Final Redemption Date, the Liquidity Reserve Fund will provide credit enhancement to all of the Notes (other than the Class X Notes) as Available Redemption Receipts in the Pre-Enforcement Redemption Priority of Payments;
- on and after the Optional Redemption Date, Available Revenue Receipts to be applied at item (s) in the Pre-Enforcement Revenue Priority of Payments as Available Redemption Receipts in the Pre-Enforcement Redemption Priority of Payments; and
- following the delivery of an Enforcement Notice, the Liquidity Reserve Fund will provide credit enhancement to the Notes in accordance with the Post-Enforcement Priority of Payments.

See the sections entitled "*Transaction Overview – Credit Structure and Cashflow*" and "*Credit Structure*" for further details. In relation to the Liquidity Reserve Fund, see the section entitled "*Credit Structure – Liquidity Reserve Fund and Liquidity Reserve Fund Ledger*" for further details.

Liquidity Support

Liquidity support for the Notes is provided in the following manner:

- in relation to each Class of Notes, the subordination in payment of those Classes of Notes (if any) ranking junior in the Pre-Enforcement Revenue Priority of Payments and the Residual Certificates;
- in relation to each Class of the Rated Notes, the amount by which Available Revenue Receipts exceed the amounts required to pay interest on the relevant Class of Notes in accordance with the Pre-Enforcement Revenue Priority of Payments and all other amounts ranking in priority thereto;
- in relation to the Class X Notes, the amount by which Available Revenue Receipts exceed the amounts required to pay principal and interest (where applicable) on the relevant Class of X Notes in accordance with the Pre-Enforcement Revenue Priority of Payments and all other amounts ranking in priority thereto;
- in relation to each Class of the Rated Notes, Available Redemption Receipts applied as Principal Addition Amounts to provide for any Revenue Deficits (after having applied amounts standing to the credit of the Liquidity Reserve

Fund) where such Class of Rated Notes is the Most Senior Class of Notes;

- the Liquidity Reserve Fund, which will provide liquidity support:
 - (a) to the Class A Notes at all times;
 - (b) prior to the date on which the Class A Notes have been redeemed in full (the "**Class A Note Redemption Date**"), conditionally to the Class B Notes, the Class C Notes and the Class D Notes;
 - (c) after the Class A Note Redemption Date but on or prior to the date on which the Class B Notes have been redeemed in full (the "**Class B Note Redemption Date**"), to the Class B Notes at all times;
 - (d) prior to the Class B Note Redemption Date, conditionally to the Class C Notes and the Class D Notes;
 - (e) after the Class B Note Redemption Date but on or prior to the date on which the Class C Notes have been redeemed in full (the "**Class C Note Redemption Date**"), to the Class C Notes at all times;
 - (f) prior to the Class C Note Redemption Date, conditionally to the Class D Notes;
 - (g) after the Class C Note Redemption Date but on or prior to the date on which the Class D Notes have been redeemed in full (the "**Class D Note Redemption Date**"), to the Class D Notes at all times.

See the sections entitled "*Transaction Overview – Credit Structure and Cashflow*" and "*Credit Structure*" for further details. In relation to the Liquidity Reserve Fund, see the section entitled "*Credit Structure – Liquidity Reserve Fund and Liquidity Reserve Fund Ledger*" for further details.

Redemption Provisions

Information on any mandatory redemption of the Notes is summarised on page 71 ("*Transaction Overview – Overview of the Characteristics of the Notes and the Residual Certificates*") and set out in full in Condition 8 (*Redemption*) of the terms and conditions of the Notes (the "**Conditions**").

Benchmarks Regulation

Interest payable under the Rated Notes and the Class X Notes is calculated by reference to the Sterling Overnight Index Average ("**SONIA**"). As at the date of this Prospectus, the administrator of SONIA is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**"). The Bank of England, as administrator of SONIA, is exempt under Article 2 of the Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmarks issued in 2013 by the International Organisation of Securities Commissions.

Credit Rating Agencies

S&P Global Ratings, a division of Standard & Poor's Credit Market Services Europe Limited ("**S&P**") and Fitch Ratings Ltd. ("**Fitch**") (each a "**Rating Agency**" and together, the "**Rating Agencies**"). As of the date of this prospectus (the "**Prospectus**"), each of the Rating Agencies is a credit rating agency established in the European Union (the "**EU**") and is registered under Regulation (EU) No 1060/2009 (as amended) (the "**CRA Regulation**"). As such, each of the Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority (ESMA) on its website in accordance with the CRA Regulation.

Credit Ratings

The ratings assigned to the Rated Notes by S&P address, *inter alia*:

- the likelihood of full and timely payments due to the holders of the Class A Notes of interest on each Interest Payment Date;
- the likelihood of full and ultimate payment of interest to the holders of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (where the Class B Notes, the Class C Notes and the Class D Notes are not the Most Senior Class of Notes then outstanding), respectively, by a date that is not later than the Final Maturity Date;
- the likelihood of full and timely payment of interest due to the holders of the Class B Notes (where the Class B Notes are the Most Senior Class of Notes then outstanding), Class C Notes (where the Class C Notes are the Most Senior Class of Notes then outstanding), the Class D Notes (where the Class D Notes are the Most Senior Class of Notes then outstanding), respectively, on each Interest Payment Date; and
- the likelihood of ultimate payment to the holders of the Rated Notes of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

The ratings assigned to the Rated Notes by Fitch address, *inter alia* (a) the likelihood of full and timely payment to the holders of the Class A Notes and the Class B Notes, and the Class C Notes and the Class D Notes (where the Class C Notes and the Class D Notes are the Most Senior Class of Notes) of interest on each Interest Payment Date in accordance with the Conditions; (b) the likelihood of full payment to the holders of the Rated Notes (other than the Class A Notes and the Class B Notes) of all payments of interests in relation to the Rated Notes on or prior to the Final Maturity Date, (c) the likelihood of full and ultimate payment to the holders of the Rated Notes of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

Ratings are expected to be assigned to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes on or before the Closing Date.

The Class G Notes, Class X Notes and the Class Z Notes will not be rated. The Residual Certificates will not be rated.

The assignment of a rating to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes by any Rating Agency is not a recommendation to invest in the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes respectively or to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency.

Obligations

The Notes and the Residual Certificates will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity named in the Prospectus.

EU Risk Retention

On the Closing Date, Burlington Loan Management Designated Activity Company, (the "**Retention Holder**") will, as an originator for the purposes of the Securitisation Regulation (as defined below) retain on an on-going basis a material net economic interest of not less than 5 per cent. in the securitisation as required by Article 6(1) of Regulation (EU) 2017/2402 as amended, varied, superseded or substituted from time to

time (the "**Securitisation Regulation**") (which does not take into account any relevant national measures) (the "**Retention**"). As at the Closing Date, the Retention will be comprised by the Retention Holder holding through its interest and exposure in the profit participating loan entered into with the Seller an interest in the first loss tranche and other tranches having the same or a more severe risk profile than those transferred or sold to investors, represented in this case by the retention by the Seller of the Class Z Notes, in accordance with Article 6(3)(d) of the Securitisation Regulation. The aggregate Principal Amount Outstanding of the Class Z Notes as at the Closing Date is equal to at least 5 per cent of the nominal value of the securitised exposures. The Retention Holder will undertake to retain the material net economic interest and will give further undertakings with respect to the Retention (as to which, see the section entitled "*Certain Regulatory Requirements*"). Any change in the manner in which the interest is held will be notified to the Noteholders. See the section entitled "*Certain Regulatory Requirements*" for further information.

The Retention Holder, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5 per cent. of the credit risk of the securitized assets for purposes of compliance with the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "**U.S. Risk Retention Rules**"), but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. See the section entitled "*Risk Factors – U.S. Risk Retention Requirements*".

**ERISA
Considerations**

The Notes may not be purchased or held by any "employee benefit plan" as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), which is subject thereto, or any "plan" as defined in Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") to which Section 4975 of the Code applies, or by any person any of the assets of which are, or are deemed for purposes of ERISA or Section 4975 of the Code to be, assets of such an "employee benefit plan" or "plan", or by any governmental, church or non-U.S. plan which is subject to any state, local, other federal law of the United States or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), and each purchaser of the Notes will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds the Notes will not be, such an "employee benefit plan", "plan", person or governmental, church or non-U.S. plan subject to Similar Law.

**Residual
Certificates**

In addition to the Notes, the Issuer will issue the Residual Certificates to the Seller on the Closing Date. The Residual Certificates represent the right to receive deferred consideration for the purchase of the Portfolio (consisting of the Residual Payments in respect of the Portfolio). See the section entitled "*Terms and Conditions of the Residual Certificates*" for further details.

**Significant
Investor**

The Seller will on the Closing Date purchase 100 per cent. of the Class B Notes, 100 per cent. of the Class C Notes, 100 per cent. of the Class D Notes, 100 per cent. of the Class E Notes, 100 per cent. of the Class F Notes, 100 per cent. of the Class G Notes, 100 per cent. of the Class X1 Notes, 100 per cent. of the Class X2 Notes, 100 per cent. of the Class Z1 Notes and 100 per cent. of the Class Z2 Notes. The Seller is not obliged to retain any Notes other than the Class Z Notes. See the section entitled "*Certain Regulatory Requirements*" for further details.

Volcker Rule

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

Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the "Volcker Rule"). In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions under the Investment Company Act of 1940, as amended (the "**Investment Company Act**") and under the Volcker Rule and its related regulations may be available, the issuing entity has relied on the determinations that it may rely on an exemption from registration under the Investment Company Act under Section 3(c)(5) of the Investment Company Act and, accordingly, may rely on the exemption from the definition of a "covered fund" under the Volcker Rule made available to certain issuers that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exemption from registration under the Investment Company Act. However, the general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes or Residual Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

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

IMPORTANT NOTICE

THE NOTES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE SELLER, THE ORIGINATORS, THE ALBA 2006 LEGAL TITLE HOLDER, THE ALBA 2015 LEGAL TITLE HOLDER, THE RETENTION HOLDER, THE ARRANGER, THE LEAD MANAGER, THE ALBA 2006 SERVICER, THE ALBA 2015 SERVICER, THE BACK-UP SERVICER FACILITATOR, THE CASH MANAGER, THE ISSUER ACCOUNT BANK, THE PRINCIPAL PAYING AGENT, THE COLLECTION ACCOUNT BANK, HOLDINGS, THE CORPORATE SERVICES PROVIDER, THE AGENT BANK, THE REGISTRAR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, ALBA 2006-1 PLC, ALBA 2015-1 PLC , ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY SUCH ENTITIES (INCLUDING THEIR RESPECTIVE AFFILIATES) OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS (TOGETHER, THE "RELEVANT PARTIES" AND EACH A "RELEVANT PARTY"). NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES SHALL BE ACCEPTED BY ANY OF THE RELEVANT PARTIES OR BY ANY PERSON OTHER THAN THE ISSUER.

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class X1 Notes, the Class X2 Notes, the Class Z1 Notes and the Class Z2 Notes will each be represented on issue by a global note certificate in registered form (a "**Global Note**"). The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class X1 Notes, the Class X2 Notes, the Class Z1 Notes and the Class Z2 Notes may be issued in definitive registered form under certain circumstances.

The Residual Certificates will be represented on issue by a global residual certificate in registered form (a "**Global Residual Certificate**"). The Residual Certificates may be issued in definitive registered form under certain circumstances.

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

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER

APPLICABLE U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) ("U.S. PERSONS") EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS. THE NOTES ARE BEING OFFERED FOR SALE OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFERS, SEE "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE RETENTION HOLDER (A "U.S. RISK RETENTION CONSENT") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "U.S. RISK RETENTION RULES"), THE NOTES AND THE RESIDUAL CERTIFICATES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("RISK RETENTION U.S. PERSONS"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO THE DEFINITION OF "U.S. PERSON" IN REGULATION S. EACH PURCHASER OF THE NOTES, THE RESIDUAL CERTIFICATES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES OR THE RESIDUAL CERTIFICATES, BY ITS ACQUISITION OF THE NOTES, THE RESIDUAL CERTIFICATES OR A BENEFICIAL INTEREST THEREIN WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (i) IS NOT A RISK RETENTION U.S. PERSON OR (ii) HAS OBTAINED A U.S. RISK RETENTION CONSENT FROM THE RETENTION HOLDER, (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

Each initial and subsequent purchaser of the Notes will be deemed by its acceptance of such Notes to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer of the Notes as set out in the Subscription Agreement and described in this Prospectus and, in connection therewith, may be required to provide confirmation of its compliance with such resale and other transfer restrictions in certain cases. See "*Transfer Restrictions and Investor Representations*".

None of the Issuer nor any Relevant Party makes any representation to any prospective investor or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations.

The Residual Certificates are not intended to be marketable securities and are not offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any investor.

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

distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II (as amended); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

THE SELLER AND EACH SUBSEQUENT PURCHASER OF THE NOTES WILL BE DEEMED BY ITS ACCEPTANCE OF SUCH NOTES TO HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS INTENDED TO RESTRICT THE RESALE OR OTHER TRANSFER OF THE NOTES AS DESCRIBED IN THIS PROSPECTUS AND (IN RESPECT OF THE SELLER) AS SET OUT IN THE SUBSCRIPTION AGREEMENT AND, IN CONNECTION THEREWITH, MAY BE REQUIRED TO PROVIDE CONFIRMATION OF ITS COMPLIANCE WITH SUCH RESALE AND OTHER TRANSFER RESTRICTIONS IN CERTAIN CASES. SEE "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

NONE OF THE ISSUER NOR ANY RELEVANT PARTY OR ANY OF THEIR RESPECTIVE AFFILIATES MAKES ANY REPRESENTATION TO ANY PROSPECTIVE INVESTOR OR PURCHASER OF THE NOTES REGARDING THE LEGALITY OF INVESTMENT THEREIN BY SUCH PROSPECTIVE INVESTOR OR PURCHASER UNDER APPLICABLE LEGAL INVESTMENT OR SIMILAR LAWS OR REGULATIONS.

THE ISSUER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF ITS KNOWLEDGE, THE INFORMATION CONTAINED IN THIS PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. ANY INFORMATION SOURCED FROM THIRD PARTIES CONTAINED IN THIS PROSPECTUS HAS BEEN ACCURATELY REPRODUCED (AND IS CLEARLY SOURCED WHERE IT APPEARS IN THIS PROSPECTUS) AND, AS FAR AS THE ISSUER IS AWARE AND IS ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

EXCEPT AS SPECIFICALLY EXCLUDED THEREIN, THE SELLER ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*THE SELLER*", "*THE LOANS*" AND "*CHARACTERISTICS OF THE PROVISIONAL PORTFOLIO*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE SELLER, THE INFORMATION CONTAINED IN THE SECTIONS REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE SELLER AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTIONS REFERRED TO ABOVE AND NOT SPECIFICALLY EXCLUDED THEREIN) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE CASH MANAGER ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE CASH MANAGER, ISSUER ACCOUNT BANK, PAYING AGENT AND AGENT BANK*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE CASH MANAGER, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE CASH MANAGER AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE ALBA 2006 SERVICER ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE ALBA 2006 SERVICER*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE ALBA 2006 SERVICER, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE ALBA 2006 SERVICER AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE ALBA 2006 LEGAL TITLE HOLDER ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE ALBA 2006 LEGAL TITLE HOLDER*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF EACH OF THE ALBA 2006 LEGAL TITLE HOLDER, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE ALBA 2006 LEGAL TITLE HOLDER AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE ALBA 2015 SERVICER AND THE ALBA 2015 LEGAL TITLE HOLDER ACCEPT RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE ALBA 2015 SERVICER AND THE ALBA 2015 LEGAL TITLE HOLDER*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE ALBA 2015 SERVICER AND THE ALBA 2015 LEGAL TITLE HOLDER, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE ALBA 2015 SERVICER AND THE ALBA 2015 LEGAL TITLE HOLDER AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE ISSUER ACCOUNT BANK ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE CASH MANAGER, ISSUER ACCOUNT BANK, PAYING AGENT AND AGENT BANK*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE ISSUER ACCOUNT BANK, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR

UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE ISSUER ACCOUNT BANK AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTIONS REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE NOTE TRUSTEE AND THE SECURITY TRUSTEE ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE NOTE TRUSTEE AND SECURITY TRUSTEE*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE NOTE TRUSTEE OR THE SECURITY TRUSTEE AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTIONS REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE CORPORATE SERVICES PROVIDER AND THE BACK-UP SERVICER FACILITATOR ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE CORPORATE SERVICES PROVIDER AND THE BACK-UP SERVICER FACILITATOR*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE CORPORATE SERVICES PROVIDER AND THE BACK-UP SERVICER FACILITATOR, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE CORPORATE SERVICES PROVIDER AND THE BACK-UP SERVICER FACILITATOR AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE RETENTION HOLDER AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES AND/OR RESIDUAL CERTIFICATES OR THEIR DISTRIBUTION.

NO PERSON IS AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFERING OR SALE OF THE NOTES OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE RETENTION HOLDER, THE SELLER, THE NOTE TRUSTEE OR THE SECURITY TRUSTEE, THE ORIGINATORS, THE ALBA 2006 LEGAL TITLE HOLDER, THE ALBA 2015 LEGAL TITLE HOLDER, THE ARRANGER, THE LEAD MANAGER OR ANY OF THEIR RESPECTIVE AFFILIATES OR ADVISERS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE OR ALLOTMENT MADE IN CONNECTION WITH THE OFFERING OF THE NOTES SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION OR CONSTITUTE A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER, THE RETENTION HOLDER, THE SELLER, THE ALBA 2006 LEGAL TITLE HOLDER, THE ALBA 2015 LEGAL TITLE HOLDER OR THE ORIGINATORS IN THE OTHER INFORMATION CONTAINED HEREIN SINCE THE DATE HEREOF. THE INFORMATION CONTAINED IN THIS PROSPECTUS WAS OBTAINED FROM THE ISSUER AND THE OTHER SOURCES IDENTIFIED HEREIN, BUT NO ASSURANCE CAN BE GIVEN BY THE NOTE TRUSTEE, THE SECURITY

TRUSTEE, THE ORIGINATORS, THE ALBA 2006 LEGAL TITLE HOLDER, THE ALBA 2015 LEGAL TITLE HOLDER, THE RETENTION HOLDER, THE SELLER, THE ARRANGER OR THE LEAD MANAGER AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. NONE OF THE ARRANGER, THE LEAD MANAGER, THE RETENTION HOLDER, THE SELLER, THE ORIGINATORS, THE ALBA 2006 LEGAL TITLE HOLDER, THE ALBA 2015 LEGAL TITLE HOLDER, THE NOTE TRUSTEE OR THE SECURITY TRUSTEE HAVE SEPARATELY VERIFIED THE INFORMATION CONTAINED HEREIN. ACCORDINGLY, NONE OF THE ARRANGER, THE LEAD MANAGER, THE RETENTION HOLDER, THE SELLER, THE ORIGINATORS, THE ALBA 2006 LEGAL TITLE HOLDER, THE ALBA 2015 LEGAL TITLE HOLDER, THE NOTE TRUSTEE OR THE SECURITY TRUSTEE MAKES ANY REPRESENTATION, EXPRESS OR IMPLIED, OR ACCEPTS ANY RESPONSIBILITY, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION IN THIS PROSPECTUS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE CONTENTS OF THIS PROSPECTUS SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL, BUSINESS, ACCOUNTING OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL, BUSINESS, ACCOUNTING AND TAX ADVISERS PRIOR TO MAKING A DECISION TO INVEST IN THE NOTES.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF, THE ISSUER, THE RETENTION HOLDER, THE SELLER, THE ORIGINATORS, THE ALBA 2006 LEGAL TITLE HOLDER, THE ALBA 2015 LEGAL TITLE HOLDER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE ARRANGER, THE LEAD MANAGER OR ANY OF THEM TO SUBSCRIBE FOR OR PURCHASE ANY OF THE NOTES IN ANY JURISDICTION WHERE SUCH ACTION WOULD BE UNLAWFUL AND NEITHER THIS PROSPECTUS, NOR ANY PART THEREOF, MAY BE USED FOR OR IN CONNECTION WITH ANY OFFER TO, OR SOLICITATION BY, ANY PERSON IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

PAYMENTS OF INTEREST AND PRINCIPAL IN RESPECT OF THE NOTES WILL BE SUBJECT TO ANY APPLICABLE WITHHOLDING TAXES WITHOUT THE ISSUER OR ANY OTHER PERSON BEING OBLIGED TO PAY OTHER AMOUNTS THEREFOR.

IN THIS PROSPECTUS ALL REFERENCES TO "**POUNDS**", "**STERLING**", "**GBP**" AND "**£**" ARE REFERENCES TO THE LAWFUL CURRENCY FOR THE TIME BEING OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (THE "**UNITED KINGDOM**" OR "**UK**"). REFERENCES IN THIS PROSPECTUS TO "**€**", "**EUR**" AND "**EURO**" ARE REFERENCES TO THE SINGLE CURRENCY INTRODUCED AT THE THIRD STAGE OF EUROPEAN ECONOMIC AND MONETARY UNION PURSUANT TO THE TREATY ESTABLISHING THE EUROPEAN COMMUNITIES AS AMENDED FROM TIME TO TIME.

THE ARRANGER AND THE LEAD MANAGER DO NOT ACCEPT ANY RESPONSIBILITY FOR THE COMPLIANCE OF THE ISSUER, THE RETENTION HOLDER, THE ORIGINATOR, THE SELLER OR ANY OTHER TRANSACTION PARTY WITH REQUIREMENTS OF THE SECURITISATION REGULATION.

In this Prospectus all references to the "**FCA**" are to the United Kingdom Financial Conduct Authority and all references to the "**PRA**" are to the United Kingdom Prudential Regulation Authority, which together replaced the Financial Services Authority (the "**FSA**") pursuant to the provisions of the UK Financial Services Act 2012.

In this Prospectus, words denoting the singular number only shall include the plural number and vice versa and words denoting one gender shall include the other genders, as the context may require. A defined term

in the plural which refers to a number of different items or matters may be used in the singular or plural to refer to any (or any set) of those items or matters.

Forward-Looking Statements and Statistical Information

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Loans, and reflect significant assumptions and subjective judgements by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. This Prospectus also contains certain tables and other statistical analyses (the "**Statistical Information**") which have been prepared in reliance on information provided by the Issuer. Numerous assumptions have been used in preparing the Statistical Information, which may or may not be reflected in the material. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, or as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. The average life of or the potential yields on any security cannot be predicted, because the actual rate of repayment on the underlying assets, as well as a number of other relevant factors, cannot be determined. No assurance can be given that the assumptions on which the possible average lives of or yields on the securities are made will prove to be realistic. None of the Relevant Parties has attempted to verify any forward-looking statements, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements or Statistical Information. None of the Relevant Parties assumes any obligation to update these forward-looking statements or Statistical Information or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements or Statistical Information, as applicable.

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RISK FACTORS

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

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

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

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

1. RISKS RELATING TO THE AVAILABILITY OF FUNDS TO PAY THE NOTES

Limited source of Funds

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes and its operating and administrative expenses will be dependent solely on receipts from the Loans in the Portfolio, interest earned on the Issuer Accounts and the availability of the Liquidity Reserve Fund (applied in accordance with the terms of the Cash Management Agreement and subject to the satisfaction of the relevant Liquidity Availability Conditions). Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation of the Issuer under the applicable Priority of Payments. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments. The recourse of the Noteholders to the Charged Assets following service of an Enforcement Notice is described below (see further "*Counterparty Risks*" below).

Limited recourse

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

- (a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and
- (c) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of the Deed of Charge, amounts outstanding under the Notes (including payments of principal and interest),

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

Liabilities under the Notes

The Notes will not be obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Relevant Parties or by any person other than the Issuer.

Liquidity of the Issuer

The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of payments being made late by Borrowers (if, for example, such payment is made after the end of the Collection Period immediately preceding the Interest Payment Date). This risk is addressed in respect of the Rated Notes by the provision of liquidity from alternative sources (including the use of amounts credited to the Liquidity Reserve Fund to cover any Revenue Deficit and the use of Principal Addition Amounts (each of which is subject to the satisfaction of the Liquidity Availability Conditions)), as more fully described in the section entitled "*Credit Structure – Liquidity and Credit Support for the Notes provided by Available Revenue Receipts*". However, no assurance can be made as to the effectiveness of such liquidity support features, or that such features will protect the Noteholders from all risk of delayed payment and/or loss.

No additional sources of funds after the Optional Redemption Date

On and from the Optional Redemption Date, the Step-Up Margin will be payable in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes. There will, however, be no additional receipts or other sources of funds available to the Issuer at such time, nor is it expected that any of the sources of income available to the Issuer prior to the Optional Redemption Date will be increased. In such circumstances the Issuer may not have sufficient funds to pay all amounts of interest and/or principal (as applicable) under the Notes (including any Step-Up Margin on the Class A Notes).

2. RISKS RELATING TO THE UNDERLYING ASSETS

Delinquencies or Default by Borrowers in paying amounts due on their Loans

Approximately 10.87% per cent. of the Provisional Portfolio by aggregate Current Balance of the Loans are loans that are the equivalent of one or more monthly instalments in arrears (calculated by arrears balance divided by monthly payment due). Defaults may occur for a variety of reasons. The ability of the Borrowers to pay amounts owed under the Loans may be affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing,

political developments and government policies. Although interest rates are currently low, this may change in the future and an increase in interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their Loans. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the Loans. Unemployment, loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies (and analogous arrangements) of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Loans. Certain national and international macroeconomic factors may also contribute to or hinder the economic health of a Borrower and thus the economic performance of the Loans. In addition, the ability of a Borrower to sell a property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

Investors should note, as at the date of this Prospectus, the FCA's guidance to firms, as described below in the section entitled "*Information Relating to the Regulation of Mortgages in the UK – Mortgages and coronavirus: FCA guidance for firms*", in response to the COVID-19 outbreak in the UK, that firms should not commence or continue repossession proceedings against customers before 31 October 2020. This applies irrespective of the stage that repossession proceedings have reached or of any steps taken in pursuit of repossession. Where a possession order has already been obtained, firms should refrain from enforcing it.

In order to enforce a power of sale in respect of a mortgaged property, the relevant mortgagee or (in Scotland) heritable creditor must first obtain possession of the relevant property. Possession is usually obtained by way of a court order or decree. This can be a lengthy and costly process and will involve the mortgagee or heritable creditor assuming certain risks. The court has a wide discretion and may adopt a sympathetic attitude towards a Borrower faced with eviction. Any possession order given in favour of the mortgagee or creditor may be suspended to allow the Borrower more time to pay. In addition, if possession has been obtained, a reasonable period must be allowed for marketing the property, to discharge obligations to take reasonable care to obtain a proper price. Any failure to do so will put the relevant mortgagee at risk of an action for breach of such duty by the Borrower, although it is for the Borrower to prove breach of such duty. There is also a risk that a Borrower may also take court action to force the relevant mortgagee to sell the Property within a reasonable time. If obtaining possession of properties and arranging a sale in such circumstances is lengthy or costly, the Issuer's ability to make payments on the Notes may be reduced. The Issuer's ability to make such payments may be reduced further if the powers of a mortgagee or heritable creditor in relation to obtaining possession of properties permitted by law are restricted in the future. There can be no assurance that the level of Loans in arrears will remain at their current levels and not increase.

Increases in prevailing market interest rates may adversely affect the performance of the Portfolio

Although interest rates are currently at a historical low, this may change in the future and an increase in interest rates may adversely affect borrowers' ability to pay interest or repay principal on their mortgage loans. Borrowers with a Loan subject to a variable rate of interest or with a Loan for which the related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, may be exposed to increased monthly payments if the related mortgage interest rate adjusts upward (or, in the case of a Loan with an initial fixed rate or low introductory rate, at the end of the relevant fixed or introductory period). This increase in Borrowers' monthly payments, which (in the case of a Loan with an initial fixed rate or low introductory rate) may be compounded by any further increase in the related mortgage interest rate during the relevant fixed or introductory period, may ultimately result in higher delinquency rates and losses in the future.

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

prepayment rates and higher losses on the Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and/or principal on the Notes.

Claims against third parties

The Seller has, pursuant to the Mortgage Sale Agreement, assigned to the Issuer its causes and rights of action against solicitors and valuers, to the extent such rights are assignable. Such rights were assigned to the Seller (to the extent assignable) by each of ALBA 2006-1 plc and Aggregator of Loans Backed by Assets 2015-1 plc ("**ALBA 2015-1 plc**"), each of which entered into a Seller Mortgage Sale Agreement with the Seller. Neither of ALBA 2006-1 plc nor ALBA 2015-1 plc were the originators of the relevant Loans and the said rights may not have been effectively assigned to the relevant entity when such rights were purported to have been assigned to such entity (either from the relevant Originator or otherwise). The Issuer may therefore not have any direct rights against any solicitors or valuers who, when acting for the Originators in relation to the origination of any Loan, may have been negligent or fraudulent. The Seller is a special purpose vehicle with limited assets and funds and as such will, after having satisfied its obligations to pay its secured creditors, have limited resources available to it to repurchase any Loans if required pursuant to the terms of the Mortgage Sale Agreement or to make any indemnity payments under the Mortgage Sale Agreement or any other Transaction Document. No assurance can be given that the Seller will always have the resources to comply with any undertaking in any Transaction Document in such a way that provides adequate protection to the Issuer or at all and additionally, the Seller has no obligation to repurchase any Loans in breach of any Loan Warranty or make any payment in lieu of such repurchase beyond the Optional Redemption Date (please also see the section headed "*Counterparty Risks – Limited Resources of the Seller*" below).

Any failure by or inability of the Issuer to take action against third parties may have an adverse effect on the Issuer's ability to make payments of interest and/or principal in respect of the Notes.

Legal Title Holders to retain legal title to the Loans and risks relating to set-off

The Seller only has a beneficial and/or contractual title and interest in and to the Loans and their Related Security. Legal title to the ALBA 2015 Loans is held by the ALBA 2015 Legal Title Holder. Legal title to the ALBA 2006 Loans is held by the ALBA 2006 Legal Title Holder (the ALBA 2006 Legal Title Holder and the ALBA 2015 Legal Title Holder being, together, the "**Legal Title Holders**"). The sale by the Seller to the Issuer of the English Loans and their Related Security (until legal title is conveyed) takes effect in equity only. The sale by the Seller to the Issuer of the Scottish Loans and their Related Security is given effect to by the Seller (as holder of the uncompleted beneficial title) directing the ALBA 2015 Legal Title Holder to enter into a Scottish declaration of trust, in favour of the Issuer (the "**Scottish Declaration of Trust**") as the nominee of the Seller. By virtue of the Scottish Declaration of Trust entered into on the Closing Date, the beneficial interest in the relevant Scottish Loans and their Related Security will be held on trust by the ALBA 2015 Legal Title Holder as trustee thereunder for the benefit of the Issuer as a beneficiary (and as the nominee of the Seller). The holding of a beneficial interest under a Scottish trust has (broadly) equivalent legal consequences in Scotland to the holding of an equitable interest in England and Wales.

This means that legal title to the Loans and their Related Security in the Portfolio will remain with the relevant Legal Title Holder until certain perfection trigger events occur under the terms of the Mortgage Sale Agreement (see "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*"). The Issuer has not applied, and prior to the occurrence of a Perfection Event will not apply, to the Land Registry of England or Land Registers of Northern Ireland to register or record its equitable interest in the English Mortgages and will not apply to the General Register of Sasines or Land Register of Scotland (as appropriate) (together the "**Registers of Scotland**") to register or record its beneficial interest in the Scottish Mortgages pursuant to the Scottish Declaration of Trust.

Further, unless (i) notice of the assignment was given to the Borrowers in respect of the English Loans and the Northern Irish Loans and their respective Related Security, and (ii) an assignation of the Scottish Loans

and their Related Security is effected by the relevant Legal Title Holder to the Issuer and notice thereof is then given to the Borrowers in respect of the Scottish Loans and their Related Security, equitable or independent set-off rights may accrue in favour of any Borrower against his or her obligation to make payments to the relevant Legal Title Holder under the relevant Loan. These rights may result in the Issuer receiving reduced payments on the Loans. The transfer of the benefit of any Loans to the Issuer will continue to be subject to any prior rights any applicable Borrower may become entitled to after the transfer. Where notice of the assignment or assignation is given to any Borrower, however, some rights of set-off (being those rights that are not connected with or related to the relevant Loan) may not arise after the date notice is given. For the purposes of this Prospectus, references herein to "**set-off**" shall be construed to include analogous rights in Scotland. For further information on the effects of set-off in relation to the Portfolio, see below "*Set-off may adversely affect the value of the Portfolio or any part thereof*".

As a consequence of the Issuer not obtaining legal title to the Loans and their Related Security or the Properties secured thereby, a *bona fide* purchaser from the relevant Legal Title Holder for value of any of such Loans and their Related Security without notice of any of the interests of the Issuer might obtain a good title free of any such interest. If this occurred, then the Issuer would not have good title to the affected Loan and its Related Security, and it would not be entitled to payments by a Borrower in respect of that Loan. However, the risk of third party claims obtaining priority to the interests of the Issuer in this way would be likely to be limited to circumstances arising from a breach by the relevant Legal Title Holder of its contractual obligations or from fraud, negligence or mistake on the part of the Seller or the relevant Legal Title Holder or any of its respective personnel or agents.

Neither the Seller nor (until notice of the assignment or assignation is given to Borrowers) the Issuer would be able to enforce any Borrower's obligations under a Loan or its Related Security itself but to the extent that the relevant Servicer and the relevant Legal Title Holder failed to take any or appropriate enforcement action against the relevant Borrower (in accordance with the relevant Enforcement Procedures or comply with its obligations to take enforcement actions as required under the Transaction Documents, the Issuer or the Security Trustee would be able to take action (under the relevant power of attorney to be entered into by the relevant Legal Title Holder) or would have to join the relevant Legal Title Holder as a party to any legal proceedings. Borrowers will also have the right to redeem their Mortgages by repaying the relevant Loan directly to the relevant Legal Title Holder. However, the Legal Title Holders and the Seller will undertake, pursuant to the Mortgage Sale Agreement, relevant Servicing Agreement and Deed of Assignment of Legal Title (as applicable), to hold any money repaid to it in respect of relevant Loans to the order of the Issuer or, if appropriate, the Security Trustee.

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

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

As described above, the sale by the Seller to the Issuer of the English Loans and the Northern Irish Loans and their respective Related Security will be given effect by an assignment, and the sale of the Scottish Loans and their Related Security being given effect under the Scottish Declaration of Trust. As a result, legal title to the Loans and their Related Security sold by the Seller to the Issuer will remain with, in respect of the ALBA 2015 Loans, the ALBA 2015 Legal Title Holder and, in respect of the ALBA 2006 Loans, the ALBA 2006 Legal Title Holder, until the occurrence of a Perfection Event. Therefore, the rights of the Issuer may be subject to certain set-off rights which the relevant Borrower has against the relevant Legal Title Holder.

The Borrowers may be entitled to exercise certain independent or equitable set-off rights against the Issuer. Subject to the paragraph below in relation to the crystallisation of rights of set-off by Borrower's following receipt of notice of assignment, independent set-off will arise in connection with transactions that are unconnected with the relevant Borrower's Loan. Generally, an independent right of set-off could include, but is not limited to, claims by a Borrower for unpaid wages or pension liabilities (no assurance is given that the

Portfolio does not include Loans made to employees of the Legal Title Holders). An independent right of set-off could also arise where the legal title holder of the Loans is a credit institution and the relevant borrower holds an unconnected savings or deposit account with such legal title holder. However, the Legal Title Holders are not deposit-taking institutions and are not authorised to hold client money as at the date of this Prospectus.

Equitable set-off rights may arise in connection with a transaction connected with the Loan. An equitable right of set-off could arise where the Seller or the relevant Legal Title Holder (or lender of record) or the Originators of the relevant Loan is in breach of contract under the relevant Loan.

Once notice has been given to the Borrowers of the assignment or assignation of the Loans and their Related Security to the Issuer, independent set-off rights which a Borrower has against the relevant Legal Title Holder will crystallise and further rights of independent set-off would cease to accrue from that date and no new rights of independent set-off could be asserted following that notice. Independent set-off rights against the relevant Legal Title Holder would have crystallised on notice of transfer to the relevant Legal Title Holder. Set-off rights arising under "transaction set-off" (being those set-off claims arising out of a transaction connected with the Loan) will not be affected by that notice and will continue to exist.

The relevant Borrower may set off any claim for damages arising from the relevant Legal Title Holder's breach of contract against the Legal Title Holder and the Issuer's (as equitable assignee of or holder of the beneficial interest in the Loans and their Related Security) claim for payment of principal and/or interest under the relevant Loan as and when it becomes due. These set-off claims will constitute transaction set-off, as described above.

The exercise of set-off rights by Borrowers may adversely affect the timing of receipt and ultimate amount received by the Issuer in respect of the relevant Loans and the realisable value of the Portfolio and/or the ability of the Issuer to make payments under the Notes.

Non-conforming Borrowers

The Portfolio comprises certain Loans made to Borrowers who as of the Portfolio Reference Date or the date of origination of such Loan may have (or have had) impairments to their credit profile, such as a county court judgment (or a Sheriff Court decree, being the Scottish equivalent of a county court judgment), an individual voluntary arrangement or a bankruptcy order. Loans made to Borrowers with credit impairments may experience higher rates of delinquency, write-offs and enforcement than have historically been experienced by mortgage loans made to borrowers without credit impairments and therefore carry a higher degree of risk.

In addition, whilst the underwriting standards of originators generally consider, among other things, a borrower's credit history, employment history and status, repayment ability and debt service-to-income ratio, as well as the value of the property and those underwriting standards are used with a view, in part, to mitigating the risks in lending to borrowers, the Seller was not the originator of the Loans and therefore has limited knowledge as to the origination and lending policies used by the Originators in relation to the Loans.

Declining property values

The value of the Related Security in respect of the Loans may be affected by, among other things, a decline in the residential property values in the United Kingdom. The Issuer cannot guarantee that the value of a property will remain at the same level as on the date of origination of the related Loan or the Closing Date. Downturns in the United Kingdom economy generally may have a negative effect on the housing market. A fall in property prices resulting from a deterioration in the housing market could result in losses being incurred by lenders where the net recovery proceeds are insufficient to redeem any outstanding loan secured on such property. If the value of the Related Security backing the Loans is reduced this may ultimately result in losses to Noteholders if the Related Security is required to be enforced and the resulting proceeds are insufficient to make payments on all Notes.

Borrowers may have insufficient equity in their homes to refinance their Loans with lenders other than the Seller and may (as a result of the circumstances described in "*Delinquencies or Default by Borrowers in paying amounts due on their Loans*" or otherwise) have insufficient resources to pay amounts in respect of their Loans as and when they fall due. This could lead to higher delinquency rates and to losses which in turn may adversely affect payments on the Notes.

Interest-only Loans

As of the Portfolio Reference Date, 88.16 per cent. of the Loans in the Provisional Portfolio are interest-only loans. Each Loan in the Portfolio may be repayable either on a capital repayment basis, an interest-only basis or a part and part basis (see "*The Loans – The ALBA 2006 loans – Repayment Terms*"– and "*The Loans – The ALBA 2015 Loans – Characteristics of the ALBA 2015 Loans*"). Where the Borrower is only required to pay interest during the term of the Loan, with some or all of the capital being repaid in a lump sum at the end of the term, it is generally recommended that borrowers ensure that some repayment mechanism such as an investment policy is put in place to ensure that funds will be available to repay the capital at the end of the term.

The ability of such Borrower to repay an interest-only Loan or a Part and Part ALBA 2006 Loan at maturity will often depend on such Borrower's ability to refinance or sell the Property or to obtain funds from another source such as pension policies, personal equity plans, Individual Savings Accounts or endowment policies (the "**Policies**"). The Seller does not have and the Issuer shall not have the benefit of any Policies taken out by Borrowers. The only security that exists will therefore be the Mortgage covering the Property. The ability of a Borrower to refinance the Loan will be affected by a number of factors, including the value of the Property, the Borrower's equity in the Property, the Borrower's age and employment status, the financial condition and payment history of the Borrower, tax laws and prevailing general economic conditions. In recent times, mortgage lenders have maintained stricter conditions to the advancing of interest-only loans (and other loans). The inability of the Borrowers to refinance their respective Loans may ultimately result in a reduction of amounts available to the Issuer and adversely affect its ability to make payments under the Notes. As of the Portfolio Reference Date, there are 10 interest-only loans in the Provisional Portfolio where the relevant Borrower has not repaid the outstanding principal amount in respect to the relevant mortgage loan on the relevant loan maturity date, resulting in an aggregate Current Balance of £1,988,039.90.

Borrowers of interest-only loans may not make payment of the premiums due on any relevant investment or life policy taken out in relation to repayment of the relevant interest only mortgages in full or on time, which policies may therefore lapse, and/or no further benefits may accrue thereunder. In certain cases, the policy may be surrendered but not necessarily in return for a cash payment and any cash received by the Borrower may not be applied in paying amounts due under the Loan. Thus the ability of such a Borrower to repay an interest-only Loan or a Part and Part ALBA 2006 Loan at maturity without resorting to the sale of the underlying property depends on such Borrower's responsibility in ensuring that sufficient funds are available from a given source such as any Policies, as well as the financial condition of the Borrower, tax laws and general economic conditions at the time. If a Borrower cannot repay an interest-only Loan or a Part and Part ALBA 2006 Loan and a loss occurs, this may affect repayments on the Notes if the resulting Principal Deficiency Ledger entry cannot be cured from Available Revenue Receipts being applied for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments.

As a result of UK government attention, borrowers with interest-only loans which are mortgages have been encouraged to switch to a repayment loan, whereby the principal of the loan is repaid over its term. Should a Borrower elect, subject to the consent of the relevant Legal Title Holder and the relevant Servicer, to amend the terms of its Loan from an interest-only Loan to a repayment Loan or a Part and Part ALBA 2006 Loan, the relevant Loan would remain with the Issuer as part of the Portfolio, resulting in the Issuer and Noteholders receiving redemption payments on the relevant Loan and the relevant Notes respectively, earlier than would otherwise have been the case. See further "*Risks Relating to the Structure – The market continues to develop in relation to SONIA as a reference rate*".

Self-Certified Loans

23.61 per cent. of the Loans in the Provisional Portfolio are loans in respect of which income and employment details of the relevant Borrower were not substantiated by supporting documentation (such loans being "**Self-Certified Loans**"). Self-Certified Loans may suffer higher rates of delinquencies, enforcements and losses than loans in respect of which supporting documentation has been provided in respect of the income or employment details of the Borrower, and any such delinquencies, enforcements and losses may lead to a reduction in amounts available to the Issuer and, ultimately, affect its ability to make payments under the Notes. No data is held in relation to 30.36 per cent. of the Provisional Portfolio. No Self-Certified Loan is included in the Portfolio which was originated after the entry into force of Directive 2014/17/EU.

Right to Buy Loans

Properties sold under the Right to Buy scheme of the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended), as applicable, are sold by the landlord at a discount to market value calculated in accordance with the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended) (as applicable). A purchaser under the scheme of the Housing Act 1985 must repay the whole of the discount if he or she disposes of the property within one year of acquiring it from the landlord, four-fifths if he or she does so within two years, three-fifths if within three years, two-fifths if within four years and one-fifth if within five years, unless the offeror's offer for the disposal of the house was accepted before 18 January 2005, in which case the purchaser must repay the whole of the discount if he or she sells the property within one year, two-thirds if he or she does so within two years and one-third if within three years. A purchaser under the scheme of the Housing (Scotland) Act 1987 (as amended), must repay the whole of the discount if he or she sells the property within one year, two-thirds if he or she does so within two years and one third if within three years. The landlord obtains (in England and Wales) a statutory charge or (in Scotland) a standard security over the property in respect of the contingent liability of the purchaser under the scheme to repay the discount. Under the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended), (as applicable), such statutory charge or standard security ranks in priority to other charges including that of any mortgage lenders except in certain circumstances. Such statutory charge or standard security shall automatically rank behind any charge on the related property in relation to (in England and Wales) monies advanced by an approved lending institution to the extent they are advanced for the purpose of enabling the purchaser to exercise his or her right to buy and (in Scotland) monies advanced for the purchase or improvement of the property. In England and Wales, unless the offeror's offer for the disposal of the house was accepted before 18 January 2005, the purchaser is required, before a sale or disposal of the property within 10 years of the date of purchase, to offer the property to the landlord or another social landlord at full market value and to allow up to eight weeks for acceptance of the offer. A mortgage lender selling the property as a mortgagee in possession in such circumstances will also be obliged to grant such right of first refusal to the landlord or other social landlord.

Buy-To-Let Loans

28.74 per cent. of the Provisional Portfolio by aggregate Current Balance of the Loans are residential loans taken out by a Borrower in relation to the purchase or re-mortgage of a property for letting purposes (a "**Buy-To-Let Loan**"). The Borrower's ability to service such Loans is likely to depend on the Borrower's ability to lease the relevant Properties on appropriate terms. There can be no assurance that each such Property will be the subject of an existing tenancy when the relevant Loan is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the Loan and/or that the rental income from such tenancy will be sufficient (whether or not there is any default of payment in rent) to provide the Borrower with sufficient income to meet the Borrower's interest obligations or capital repayments in respect of the Loan and that any of these factors would not have an adverse effect on the ability of the Issuer to make repayments on the Notes. There can be no assurance that, in the event of a material downturn in the private rental market, the ability to make repayments on the Buy-To-Let Loans would not be adversely affected and as a consequence, the ability of the Issuer to make repayments under the Notes would not be adversely affected. Such a

downturn could be precipitated by a range of factors, which may include (but are not limited to) an expansion of owner-occupied lending should credit conditions loosen and/or legislative changes affecting the sector, such as the introduction of rental caps or the regulation of the market or parts thereof.

The Coronavirus Act 2020 has put measures in place in England for the period from 26 March 2020 until 30 September 2020 that state that where landlords do need to issue notices seeking possession, the notice period must be for three months. Further, from 27th March 2020, any possession claims in the system or about to go into the system were affected by a 90 day suspension of possession hearings and orders, such suspension of possession hearings and orders was extended until 23 August 2020 on 25 June 2020.

In Wales, new regulations have been made under Schedule 29 to the Coronavirus Act 2020, that temporarily extend the minimum notice periods landlords must give to tenants with assured and assured shorthold tenancies. A 6 month notice period will apply to notices issued on or after 24 July 2020 under section 8 of the Housing Act 1988 ("**HA 1988**"), except those that specify grounds 7A or 14 (relating to anti-social behaviour). A 3 month notice period will continue to apply to notices that specify grounds 7A or 14. A 6 month notice period will apply to notices issued on or after 24 July 2020 under section 21 of the HA 1988. Schedule 29 is temporarily amended so that a landlord serving a notice on or after 24 July will be required to provide extended notice during the remainder of relevant period, which currently ends on 30 September 2020. The relevant period may be extended by the Welsh Ministers beyond 30 September 2020 using the power set out in paragraph 1(2) of Schedule 29.

The Coronavirus (Scotland) Act 2020 amended the Private Housing (Tenancies) (Scotland) Act 2016 such that various mandatory grounds for eviction, including the landlord's intention to sell the property, are now discretionary, to allow the First Tier Tribunal flexibility in dealing with eviction cases during the pandemic. The minimum notice period remains 28 days where the tenant no longer occupies the property, but otherwise the notice period has been extended from 84 days to three or six months, depending on the grounds for eviction. In addition, in assessing whether it is reasonable to make an eviction order on the grounds of rent arrears during the period when the Act is in force, the First Tier Tribunal must consider the extent to which the landlord has complied with pre-action requirements before applying for the eviction order. The Act will be in place until 30 September 2020 and can be extended by the Scottish Ministers by regulation to 31 March 2021 and again to 30 September 2021. There are similar provisions for assured and other tenancies. Delays to landlords seeking possession of a Property may result in less rental income being available to meet the Borrower's repayment obligations in respect of the Loans.

Upon enforcement of a Mortgage in respect of a Property which is the subject of an existing tenancy, the Servicer may not be able to obtain vacant possession of the Property, in which case the relevant Servicer will only be able to sell the Property as an investment property with one or more sitting tenants. This may affect the amount which the relevant Servicer could realise upon enforcement of the Mortgage and the sale of the Property. In such a situation, amounts received in rent may not be sufficient to cover all amounts due in respect of the Loan. However, enforcement procedures in relation to such Mortgages (excluding any Scottish Mortgages) include appointing a receiver of rent, in which case such a receiver must collect any rents payable in respect of the Property and apply them accordingly in payment of any interest and arrears accruing under the Loan. Under Scots law, a receiver cannot be appointed under a standard security (the Scottish equivalent to a legal mortgage) and the only enforcement which may be carried out under a standard security is a full enforcement of the security (i.e. it cannot be enforced selectively by, for instance, attaching to rental income). Accordingly, in Scotland, any attempt to secure the rental flows will depend upon the enforcement of the standard security.

The UK Government has passed legislation restricting the amount of income tax relief that individual landlords can claim for residential property finance costs (such as mortgage interest) to the basic rate of tax. Such restriction will be introduced gradually from 6 April 2017. From 1 April 2016, a higher rate of stamp duty land tax ("**SDLT**") applies to the purchase of additional residential properties (such as buy-to-let properties). The current additional rate is three per cent above the current SDLT rates.

The Scottish Government announced similar plans with effect from the same date in respect of land and buildings transaction tax ("**LBTT**") (broadly speaking, the equivalent in Scotland to SDLT). The current additional rate is four per cent above the current LBTT rates.

The introduction of these measures may adversely affect the private residential rental market in England, Wales, Scotland and Northern Ireland in general, or (in the case of the restriction of income tax relief) the ability of individual Borrowers of Buy-To-Let Loans to meet their obligations under those Loans.

Shortfall Accounts

As at the date of this Prospectus, there are a certain number of the Loans in the Provisional Portfolio in respect of which enforcement procedures have been completed and in relation to which the proceeds of such enforcement procedures were not sufficient to repay amounts owing by the relevant Borrowers on the relevant Loans ("**Shortfall Accounts**"). The Issuer (or the relevant Servicer acting on its behalf) may not be able to recover any additional amounts in relation to such Loans and there may be ongoing costs incurred by the relevant Servicer in relation to any continuing procedures that are underway, which the Issuer may not recover through such procedures.

The COVID-19 pandemic may have negative effects on the Portfolio; COVID-19 Payment Deferrals

On 20 March 2020 the FCA published new guidance for, inter alia, mortgage lenders and administrators entitled "*Mortgages and coronavirus: FCA guidance for firms*", in connection with the on-going outbreak of COVID-19 in the UK. This guidance was updated on 4 June 2020 and again on 16 June 2020 (the "**FCA COVID-19 Guidance**"). The updated guidance uses the term "payment deferrals" as opposed to "payment holidays". Amongst other things, this guidance provides that mortgage lenders are required, where a customer is experiencing or reasonably expects to experience payment difficulties as a result of circumstances relating to COVID-19, and wishes to receive a payment deferral, to grant a customer a full or partial payment deferral for 3 monthly payments, unless the mortgage lender can demonstrate it is obviously not in a customer's best interests. A request for a full or partial payment deferral for 3 monthly payments may be made by a customer at any time until 31 October 2020 when the current guidance expires.

Where the FCA COVID-19 Guidance has not expired and a customer (whether it is given an initial payment deferral under the original 20 March 2020 guidance or the updated June 2020 guidance) indicates they cannot immediately resume full payments at the end of that initial payment deferral, mortgage lenders are required to offer them a further full or partial payment deferral (where the mortgage lender permits the customer to make reduced payments of any amount) for (a further) 3 monthly payments, based on what the customer considers they can then afford to repay provided that such initial payment deferral expires, and the request for an extension is made, prior to 31 October 2020 and further provided that no such payment deferral or extension to any initial payment deferral granted pursuant to the FCA COVID-19 Guidance extends beyond 31 January 2021. A mortgage lender may not refuse to grant the customer such further payment deferral in such circumstances unless it can demonstrate that such a payment deferral is obviously not in the customer's best interests and a different option is more appropriate. The effect of this is that mortgage lenders could be required to give customers payment deferral of up to 6 monthly payments. Any payment deferral requested by a Borrower from the relevant Legal Title Holder pursuant to the FCA COVID-19 Guidance, where that Borrower is experiencing or reasonably expects to experience payment difficulties as a result of circumstances relating to COVID-19 is referred to as a "**COVID-19 Payment Deferral**" from time to time. Investors should note in this regard, the FCA COVID-19 Guidance described in the section entitled "*Information Relating to the Regulation of Mortgages in the UK – Mortgages and coronavirus: FCA guidance for firms*" and the payment deferral measures outlined therein. The FCA makes it clear in the FCA COVID-19 Guidance that it expects lenders of both owner-occupied and buy to let mortgage loans to act in a manner consistent with the guidance.

Any Loan which is subject to a COVID-19 Payment Deferral (any such Loan, a "**COVID-19 Payment Deferral Loan**") following a successful application by the Borrower will remain in the Portfolio. Whether

or not a COVID-19 Payment Deferral will be granted is subject to the prevailing policies and procedures of the Legal Title Holders and the Servicers and which may be amended in accordance with the standards of a Prudent Mortgage Lender and to reflect the FCA COVID-19 Guidance, applicable law, regulation and other regulatory guidance. Further, the FCA in the FCA COVID-19 Guidance requires the Legal Title Holders and the Servicers to act in a manner consistent with the FCA COVID-19 Guidance. In accordance with the FCA COVID-19 Guidance, any COVID-19 Payment Deferral Loan will not, as a result of the COVID-19 Payment Deferral, be considered in arrears (or further in arrears) or be subject to a debt restructuring process. See further section entitled "*Information Relating to the Regulation of Mortgages in the UK – Mortgages and coronavirus: FCA guidance for firms.*"

Due to the impact on timing and quantum of payments in respect of the Loans, increased levels of COVID-19 Payment Deferral Loans may result in a reduction of funds available to the Issuer to meet its obligations under the Notes. Approximately 12.43 per cent. of the Provisional Portfolio (based on the aggregate Current Balance of the Loans as at the Portfolio Cut-Off Date) are Loans that are COVID-19 Payment Deferral Loans as at the Portfolio Cut-Off Date, however the total number of Borrowers who may seek to take up these opportunities, and therefore the impact of the FCA COVID-19 Guidance on the performance of the Loans in the Portfolio, is not known as at the date of this Prospectus. If the timing of the payments, as well as the quantum of such payments, in respect of the Loans is adversely affected, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes.

Further, there can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the COVID-19 outbreak in the UK which may adversely affect the performance of the Loans.

Insurance Policies

The Mortgage Conditions of certain Loans require borrowers to have buildings insurance for the relevant Property. However, it will be difficult in practice for the relevant Servicer and/or the Issuer to determine whether the relevant Borrower has valid insurance in place at any time. However, no assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable buildings insurance contracts or contingent insurance contracts or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected Property. This could adversely affect the Issuer's ability to make payment of interest and/or principal in respect of the Notes.

Searches, Investigations and Warranties in Relation to the Loans

None of the Relevant Parties has undertaken, or will undertake, any investigations, searches or other actions of any nature whatsoever in respect of any Loan or its Related Security in the Portfolio and each relies instead on the warranties given in the Mortgage Sale Agreement by the Seller (see "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*" for a summary of these). Loans which have undergone such a limited investigation may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the Related Security not being accepted as security for a Loan had such matters been revealed. Although the Seller will give certain representations and warranties in respect of the Loans sold by it, the Seller was not the originator of any of the Loans comprised in the Portfolio and acquired its interest in the Loans and their Related Security on the Closing Date under two mortgage sale agreements, one of which was entered into with ALBA 2006-1 plc and one of which was entered into with ALBA 2015-1 plc (each a "**Seller Mortgage Sale Agreement**" and together the "**Seller Mortgage Sale Agreements**").

The Seller does not have direct knowledge as to whether certain Loan Warranties (including the Loan Warranties which relate to the origination process) are correct or not. Accordingly since the Seller does not have direct knowledge as to matters relating to the actual origination of the Loans, it may not have actual knowledge of any relevant matters which give rise to a breach of warranty. Therefore, certain warranties relating to, amongst other things, the origination process are necessarily qualified by reference to the

awareness of the Seller. It may be practically difficult for the Seller to detect a breach of warranty in respect of the Loans sold by it to the extent that the same relates to a matter outside of the immediate knowledge of the Seller, as there is no ongoing active involvement of the Originators of the Loans to monitor or notify any defect in relation to the circumstances of the Loans. Each of the ALBA 2006 Servicer and the ALBA 2015 Servicer will have limited obligations to monitor compliance with the Loan Warranties following the Closing Date. To the extent that either the ALBA 2006 Servicer or the ALBA 2015 Servicer becomes actually aware of any circumstance that may constitute or result in any breach of the Loan Warranties, it shall inform the Issuer and the Security Trustee of such breach, however none of the ALBA 2006 Servicer, the ALBA 2015 Servicer, the Seller or the Issuer will monitor compliance with the Loan Warranties. The primary remedy of the Issuer against the Seller if any of the warranties made by the Seller is materially breached or proves to be materially untrue as at the Closing Date which breach is not remedied in accordance with the Mortgage Sale Agreement, will be to require the Seller to repurchase any relevant Loan and its Related Security or make an indemnity payment in lieu of repurchase in accordance with the provisions in the Mortgage Sale Agreement. However, there can be no assurance that the Seller will have the financial resources to honour such obligations under the Mortgage Sale Agreement as to which see further "*Counterparty Risks – Limited Resources of the Seller*", below and it should be noted that the Seller is not required to gross-up payments under the Mortgage Sale Agreement and payments it makes will be inclusive of VAT. Further, the Seller shall have no obligation to repurchase any Loans in breach of any Loan Warranty or make any payment in lieu of such repurchase unless the Issuer has given the Seller notice of the event giving rise to the obligation to repurchase before the Optional Redemption Date. In each case, none of the Issuer, the Security Trustee or the Note Trustee, the Arranger, the Lead Manager, the Noteholders, the Certificateholders or any other secured party will have recourse to any other person in the event that the Seller, for whatever reason, fails to meet such obligations.

The Seller did not originate the Loans and therefore no assurance can be given that the Lending Criteria were applied at the time of origination of each Loan in the Portfolio or whether different criteria were applied at the time.

3. RISKS RELATING TO THE STRUCTURE

Deferral of Interest Payments on the Notes

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) that would otherwise be payable absent the deferral provisions in respect of any Class of Notes (other than the Most Senior Class of Notes) after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer will be entitled under Condition 18 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as the relevant Class of Notes becomes due and repayable in full in accordance with the Conditions. Any such deferral in accordance with the Conditions will not constitute an Event of Default.

Failure to pay interest on the Most Senior Class of Notes (as defined in Condition 13.2(ii) to include only the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes) shall constitute an Event of Default under the Notes which may result in the Security Trustee enforcing the Security.

Subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class X Notes, the Class Z Notes and the Residual Certificates

Pursuant to the Priorities of Payments, certain junior Classes of Notes are subordinated in right of payment of principal and interest to more senior Classes of Notes.

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

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

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

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

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

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

The Class G Notes will rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, as provided in the Conditions and the Transaction Documents.

The Class X1 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest at all times, but subordinate (prior to enforcement) to all payment of interest due in respect of the Rated Notes and (following enforcement) all payments due in respect of the Rated Notes and the Class G Notes as provided in the Conditions and the Transaction Documents.

The Class X1 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate (prior to enforcement) to all payment of interest due in respect of the Rated Notes, the Class X1 Notes and the Class X2 Notes and (following enforcement) all payments due in respect of the Rated Notes and the Class G Notes and payment of interest on the Class X1 Notes, as provided in these Conditions and the Transaction Documents.

The Class X2 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest at all times, but subordinate (prior to enforcement) to all payment of interest due in respect of the Rated Notes and the Class X1 Notes and (following enforcement) all payments due in respect of the Rated Notes, the Class G Notes and the Class X1 Notes as provided in the Conditions and the Transaction Documents.

The Class X2 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate (prior to enforcement) to all payment of interest due in respect of the Rated Notes, payment of interest and principal of the Class X1 Notes and payment of interest on the Class X2 Notes and (following enforcement) all payments due in respect of the Rated Notes, the Class G Notes, the Class X1 Notes and payment of interest on the Class X2 Notes, as provided in these Conditions and the Transaction Documents.

The Class Z1 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate (prior to enforcement) to all payments of principal due in respect of the Rated Notes and the Class G Notes and (following enforcement) all payments due in respect

of the Rated Notes, the Class G Notes and the Class X Notes, as provided in the Conditions and the Transaction Documents.

The Class Z2 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate (prior to enforcement) to all payments of principal due in respect of the Rated Notes, the Class G Notes and the Class Z1 Notes and (following enforcement) all payments due in respect of the Rated Notes, the Class G Notes, the Class X Notes and the Class Z1 Notes, as provided in the Conditions and the Transaction Documents.

The Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to Residual Payments at all times, and are subordinate to all payments due in respect of the Notes, as provided in the terms and conditions of the Residual Certificates (the "**Residual Certificates Conditions**") and the Transaction Documents.

In addition to the above, payments on the Notes and the Residual Certificates are subordinate to payments of certain fees, costs and expenses payable to the other Secured Creditors (including, amongst others, the Note Trustee, the Security Trustee, the Issuer Account Bank, the Collection Account Bank, the ALBA 2006 Servicer, the ALBA 2015 Servicer, the ALBA 2006 Legal Title Holder, the ALBA 2015 Legal Title Holder, the Back-Up Servicer Facilitator, the Corporate Services Provider, the Cash Manager, the Paying Agents, the Registrar and the Agent Bank) and certain third parties. For further information on the likely costs payable to such Secured Creditors, please see "*Transaction Overview – Fees*".

Investors in the Class X Notes should be aware that prior to the date on which the Note Trustee serves an Enforcement Notice on the Issuer declaring the Notes to be due and repayable, payments in respect of the Class X Notes shall be payable only out of Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments. Following the date on which the Note Trustee serves an Enforcement Notice on the Issuer declaring the Notes to be due and repayable, payments in respect of the Class X Notes will be made in accordance with the Post-Enforcement Priority of Payments.

Each Residual Certificate represents a *pro rata* entitlement to receive any residual balance following payment of all senior items in the relevant Priority of Payments by way of deferred consideration for the purchase by the Issuer of the Portfolio.

The priority of the Notes and the Residual Certificates are further set out in "*Cashflows – Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer*", "*Cashflows – Application of Available Redemption Receipts prior to the service of an Enforcement Notice on the Issuer*" and "*Cashflows – Distributions following the service of an Enforcement Notice on the Issuer*".

There is no assurance that these subordination rules will protect the holders of Notes from all risk of loss.

Revenue and Principal Deficiency Ledger

If, on any Interest Payment Date there would be a Revenue Deficit, the Issuer shall apply Available Redemption Receipts (to the extent of Available Redemption Receipts available for such purpose) in accordance with item (a) of the Pre-Enforcement Redemption Priority of Payments to cover such Revenue Deficit (such amounts, "**Principal Addition Amounts**") subject to the Liquidity Availability Conditions.

Application of any Available Redemption Receipts as Principal Addition Amounts (in addition to the aggregate of (i) all realised principal losses on the Loans which are not recovered from the proceeds following the sale of the Property to which such Loan relates and (ii) any principal loss to the Issuer as a result of an exercise of any set-off by any Borrower in respect of its Loan (together, the "**Losses**")) will be recorded first on the Junior Principal Deficiency Sub-Ledger until the balance of the Junior Principal Deficiency Sub-Ledger is equal to the Junior PDL Notional Capacity, and next on the Class G Principal Deficiency Sub-Ledger until the balance of the Class G Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class G Notes then outstanding, and next on the Class F

Principal Deficiency Sub-Ledger until the balance of the Class F Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class F Notes then outstanding, and next on the Class E Principal Deficiency Sub-Ledger until the balance of the Class E Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class E Notes then outstanding, and next on the Class D Principal Deficiency Sub-Ledger until the balance of the Class D Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class D Notes then outstanding, and next on the Class C Principal Deficiency Sub-Ledger until the balance of the Class C Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class C Notes then outstanding, and next on the Class B Principal Deficiency Sub-Ledger until the balance of the Class B Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class B Notes then outstanding, and next on the Class A Principal Deficiency Sub-Ledger until the balance of the Class A Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class A Notes then outstanding.

It is expected that during the course of the life of the Notes, any principal deficiencies (should they arise) will be recouped from Available Revenue Receipts. Available Revenue Receipts will be applied, after meeting prior ranking obligations as set out under the Pre-Enforcement Revenue Priority of Payments, to credit first the Class A Principal Deficiency Sub-Ledger, second the Class B Principal Deficiency Sub-Ledger, third the Class C Principal Deficiency Sub-Ledger, fourth the Class D Principal Deficiency Sub-Ledger, fifth the Class E Principal Deficiency Sub-Ledger, sixth the Class F Principal Deficiency Sub-Ledger, seventh the Class G Principal Deficiency Sub-Ledger and eighth the Junior Principal Deficiency Sub-Ledger.

If there are insufficient funds available as a result of such income or principal deficiencies, then one or more of the following consequences may ensue:

- the Available Revenue Receipts, the application of amounts standing to the credit of the Liquidity Reserve Fund (subject to the satisfaction of the relevant Liquidity Availability Conditions), and Principal Addition Amounts (subject to the satisfaction of the relevant Liquidity Availability Conditions) may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Notes; and
- there may be insufficient Available Revenue Receipts and Available Redemption Receipts to repay the Notes on or prior to the Final Maturity Date of the Notes.

Interest Rate Risk

The Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of the Loans and the rate of interest payable in respect of the Notes. 70.43 per cent. of the Provisional Portfolio by aggregate Current Balance of the Loans are Bank of England Base Rate-Linked Loans, 28.58 per cent. of the Provisional Portfolio by aggregate Current Balance of the Loans are LIBOR-Linked Loans, and 0.98 per cent. of the Provisional Portfolio by aggregate Current Balance of the Loans are SVR Loans. However, the Issuer's liabilities under the Rated Notes and the Class X Notes are based on SONIA. The Issuer will not enter into any swap agreement in respect of the difference between the Bank of England Base Rate-Linked Loans, LIBOR-Linked Loans and SVR Loans and interest payable on the Notes and as a result there is no hedge in respect of the risk of any variances in the interest charged on any of the Bank of England Base Rate-Linked Loans, LIBOR-Linked Loans and SVR Loans and interest set by reference to SONIA on the Rated Notes and the Class X Notes which in turn may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations to the Noteholders and the Secured Creditors. As such, the Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of the Loans and the rate of interest payable in respect of the Notes. However, given that all Loans in the Provisional Portfolio are linked to LIBOR, the Bank of England Base Rate, or SVR, this risk is mitigated to a certain extent.

Changes or uncertainty in respect of SONIA or LIBOR may affect the value, liquidity or payment of interest under the Loans or the Notes

The Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of certain of the Loans which are set by reference to LIBOR and the interest rate to be borne by the Notes will be determined by reference to SONIA.

Interest rates and indices which are deemed to be "benchmarks" (including the Sterling Overnight Index Average (**SONIA**) and LIBOR) are the subject of recent national and international regulatory guidance and reform, including the EU Benchmarks Regulation (Regulation (EU) 2016/1011) (the **Benchmarks Regulation**). These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Under the Benchmarks Regulation, which applied from 1 January 2018, in general, certain transitional provisions, certain requirements will apply with respect to the provision of a wide range of benchmarks (including SONIA and LIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union (which, for this purpose, includes the United Kingdom). In particular, the Benchmarks Regulation will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed).

Investors should be aware that the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

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

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

- (a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including SONIA and LIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (b) while an amendment may be made under Condition 13.6 to change the SONIA rate on the Notes to an alternative base rate under certain circumstances broadly related to SONIA disruption or discontinuation and subject to certain conditions, there can be no assurance that any such amendment will be made or, if made, that it will (i) fully or effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes or (ii) be made prior to any date on which any of the risks described in this risk factor may become relevant; and
- (c) if SONIA is discontinued or is otherwise unavailable, then the rate of interest on the Notes may be determined for a period by any applicable fall-back provisions provided for under Condition 6 (*Interest*) of the Conditions, although such provisions may not operate as intended (depending on market circumstances and the availability of rates information at the time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when SONIA was available;

- (d) if LIBOR is discontinued or is otherwise unavailable, then the rate of interest on certain of the Loans may be determined for a period by any applicable fall-back provisions under the relevant Mortgage Conditions, although such provisions may not operate as intended (depending on market circumstances and the availability of rates information at the time); and
- (e) investors should note the various circumstances under which a Base Rate Modification may be made, which are specified in Condition 13.6. As noted above, these events broadly relate to SONIA's disruption or discontinuation, but also include, inter alia, any public statements by the SONIA administrator or its supervisor to that effect, and a Base Rate Modification may also be made if the Issuer (or the relevant Servicer) reasonably expects any of these events to occur. A Base Rate Modification may also be made if an alternative means of calculating a SONIA-based base rate is introduced which becomes a standard means of calculating interest for similar transactions. Investors should also note the various options permitted as an Alternative Base Rate as set out in Condition 13.6 and the negative consent requirements in relation to a Base Rate Modification (as to which, see "*Meetings of Noteholders, Modification, Waiver and Substitution*").

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

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

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

SONIA differs from LIBOR in a number of material respects, including (without limitation) that it is a backwards-looking, risk-free overnight rate, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that LIBOR and SONIA may behave materially differently as an interest reference rates for the Notes described in this Prospectus. The use of SONIA as a reference rate for Eurobonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing SONIA.

Accordingly, prospective investors in any Notes referencing SONIA should be aware that the market continues to develop in relation to SONIA as reference rates in the capital markets and their adoption as alternatives to Sterling LIBOR. For example, in the context of backwards-looking SONIA rates, market participants and relevant working groups are currently assessing the differences between compounded rates and weighted average rates, and such groups are also exploring alternative reference rates based on SONIA, including forward-looking 'term' SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The adoption of SONIA may also see component inputs into swap rates or other composite rates transferring from LIBOR or another reference rate to SONIA, as applicable.

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions of the Notes that reference a SONIA rate issued under this Prospectus. The nascent development of SONIA as interest reference rates for the Eurobond markets, as well as continued

development of SONIA based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA referenced Notes issued from time to time.

Furthermore, the Rate of Interest on Notes which reference SONIA is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference SONIA to estimate reliably the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of such Notes. Further, if the Notes become due and payable under Condition 12 (*Enforcement*), the Rate of Interest payable shall be determined on the date the Notes became due and payable and shall not be reset thereafter.

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

Investors should carefully consider these matters when making their investment decision with respect to any such Notes.

Considerations Relating to Yield, Prepayments and Mandatory Redemption

The yield to maturity on the Notes will depend on, among other things, the amount and timing of payment of principal and interest on the Loans. Prepayments on the Loans may result from early repayment of the Loans by the relevant Borrower (whether through refinancing or otherwise), sales of Properties by Borrowers (voluntarily or as a result of enforcement proceedings under the relevant Mortgages), as well as the receipt of proceeds under any applicable insurance policies. The yield to maturity of the Notes may be adversely affected by, among other things, a higher or lower than anticipated rate of prepayments on the Loans.

The rate of prepayment of Loans is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing programmes, local and regional economic conditions (including the deterioration of economic conditions caused by COVID-19) and homeowner mobility. However, the rate of prepayment cannot be predicted. Subject to the terms and conditions of the Loans, a Borrower may "overpay" or prepay principal at any time. No assurance can be given as to the level of prepayments that the Portfolio will experience. Accelerated prepayments will generally lead to a reduction in the weighted average life of the Notes other than the Class X Notes and may lead to an increase in the weighted average life of the Class X Notes depending on the level of such prepayments. Generally, when market interest rates increase in relation to the rate of interest currently paid by a borrower, borrowers are less likely to prepay their mortgage loans, while conversely, when market interest rates decrease in relation to the rate of interest currently paid by a borrower, borrowers (in particular those paying by reference to a fixed interest rate, where there are no or minimal associated early repayment charges) are generally more likely to prepay their mortgage loans. Borrowers may prepay mortgage loans when they refinance their loans or sell their properties (either voluntarily or as a result of enforcement action). In addition should a Borrower elect, subject to the agreement of the relevant Legal Title Holder and the relevant Servicer, to change the terms of their Loan from an interest-only Loan to a repayment Loan or a Part and Part ALBA 2006 Loan, the Issuer would receive principal payments in respect of the relevant Loan earlier than would otherwise be anticipated. If the Seller is required to repurchase a Loan and its Related Security or make a payment in lieu of such repurchase because, for example, one of the Loans does not materially comply with the Loan Warranties, then the payment received by the Issuer will have the same effect as a prepayment of all the relevant Loans. Because these factors are not within the control of the Issuer, no assurance can be given as to the level of resulting prepayments means that the Portfolio may experience.

Pursuant to the Call Option, the Option Holder may, subject to certain conditions, purchase all (but not some) of the Loans and their Related Security comprising the Portfolio at the Optional Purchase Price on any Business Day falling on or after (a) the Collection Period End Date immediately preceding the Optional Redemption Date, (b) any Collection Period End Date on which the aggregate Outstanding Principal Balance of the Loans (excluding any Enforced Loans) was equal to or less than 10 per cent. of the aggregate Outstanding Principal Balance of the Loans comprising the Portfolio on the Portfolio Cut-Off Date or (c) a change in tax law that results in the Issuer being required to make a deduction or withholding for or on account of tax or the occurrence of certain illegality events. The Issuer shall redeem all of the Notes on the Interest Payment Date falling on or immediately following the date on which the sale of the Loans and their Related Security comprising the Portfolio to the Beneficial Title Transferee pursuant to the Call Option occurs. This may adversely affect the yield to maturity on the Notes.

If the Call Option has not been exercised on or prior to the Optional Redemption Date, the Corporate Services Provider shall, on behalf of the Issuer and the ALBA 2015 Legal Title Holder (in its capacity as trustee under the Scottish Declaration of Trust), use all reasonable endeavours to appoint a Liquidation Agent who will assist the Issuer in the sale of (i) the beneficial title and (ii) the right to require the ALBA 2015 Legal Title Holder and the ALBA 2006 Legal Title Holder to transfer the legal title, to all (but not some) of the Loans and their Related Security comprising the Portfolio to the Winning Bidder or its nominee. The Issuer shall redeem all of the Rated Notes, the Class G Notes and the Class X Notes on the Interest Payment Date falling on or immediately following the date on which the sale of the Loans and their Related Security comprising the Portfolio to the Winning Bidder occurs. This may adversely affect the yield to maturity on the Notes.

Other than in relation to an enforcement of the Security or the repurchase of a Loan and its Related Security by the Seller pursuant to the Mortgage Sale Agreement, the Issuer is not permitted to sell the Portfolio to anyone other than the Option Holder, a Third Party Purchaser or a Winning Bidder and in no circumstances (including following the occurrence of an illegality event or a tax event) is the Option Holder required to purchase the Portfolio. As such, no assurance can be given that the Notes will be redeemed in full prior to their Final Maturity Date.

Further, on any Interest Payment Date following the occurrence of a Risk Retention Regulatory Change Event, the Retention Holder (or its nominee) has the right (but not an obligation) pursuant to the Risk Retention Letter to purchase the Loans and their Related Security from the Issuer, and thereby effect a redemption of the Notes. The exercise of this right may adversely affect the yield to maturity on the Notes.

In addition to the above options, the Issuer may, in consultation with the Option Holder, issue Refinancing Notes on or after the Optional Redemption Date. The proceeds of the Refinancing Notes together with other amounts available to the Issuer will be used, *inter alia*, to effect a redemption in full of the Notes of each Class on the Interest Payment Date falling on or immediately following the Optional Refinancing Date. There is no obligation on the Issuer to issue or the Option Holder to direct the Issuer to issue Refinancing Notes. Some or all of the proceeds from the issuance of the Refinancing Notes together with certain other amounts available to the Issuer will be applied by the Issuer in accordance with the Post-Enforcement Priority of Payments on the Interest Payment Date falling on or immediately following the Optional Refinancing Date and the amount to be so applied must be equal to or greater than the Refinancing Notes Minimum Issuance Amount. The exercise of this right may adversely affect the yield to maturity of the Notes.

Ratings of the Rated Notes

The ratings assigned to the Rated Notes by S&P address, *inter alia*:

- (a) the likelihood of full and timely payments due to the holders of the Class A Notes of interest on each Interest Payment Date;

- (b) the likelihood of full and ultimate payment of interest to the holders of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (where the Class C Notes, the Class D Notes are not the Most Senior Class of Notes then outstanding), respectively, by a date that is not later than the Final Maturity Date;
- (c) the likelihood of full and timely payment of interest due to the holders of the Class B Notes (where the Class B Notes are the Most Senior Class of Notes), the Class C Notes (where the Class C Notes are the Most Senior Class of Notes then outstanding), the Class D Notes (where the Class D Notes are the Most Senior Class of Notes then outstanding), respectively, on each Interest Payment Date; and
- (d) the likelihood of ultimate payment to the holders of the Rated Notes of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

The ratings assigned to the Rated Notes by Fitch address, *inter alia* (a) the likelihood of full and timely payment to the holders of the Class A Notes and the Class B Notes, and the Class C Notes and the Class D Notes (where the Class C Notes and the Class D Notes are the Most Senior Class of Notes) of interest on each Interest Payment Date in accordance with the Conditions; (b) the likelihood of full payment to the holders of the Rated Notes (other than the Class A Notes and the Class B Notes) of all payments of interest in relation to the Rated Notes on or prior to the Final Maturity Date, (c) the likelihood of full and ultimate payment to the holders of the Rated Notes of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

The expected ratings of the Rated Notes to be assigned on the Closing Date are set out under "*Ratings*". A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency if, in its judgement, circumstances (including a reduction in the perceived creditworthiness of third parties, including a reduction in the credit rating of the Issuer Account Bank and the Collection Account Bank) in the future so warrant. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the market value and/or the liquidity of the Rated Notes. See also "*Change of counterparties*" below.

A Rating Agency may lower, withdraw or qualify its rating if, in the sole judgement of the Rating Agency the credit quality of the Rated Notes has declined or is in question. At any time, any Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Rated Notes may be withdrawn, lowered or qualified. If any assigned to the Rated Notes is downgraded or withdrawn, the market value and/or liquidity of the Rated Notes may be reduced.

Rating agencies other than the Rating Agencies could seek to rate the Rated Notes and if such unsolicited ratings are lower than the comparable ratings assigned to the Rated Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the value of the Rated Notes. For the avoidance of doubt and unless the context otherwise requires, any reference to "**ratings**" or "**rating**" in this Prospectus is to the ratings assigned by the Rating Agencies only.

As highlighted above, the ratings assigned to the Rated Notes by each Rating Agency are based on, among other things, the Loans, the Security, the Portfolio and the relevant structural features of the transaction which may include, among other things, the short-term and/or long-term unsecured, unguaranteed and unsubordinated debt ratings of the Issuer Account Bank and the Collection Account Bank. In the event one or more of these transaction parties are downgraded below the requisite ratings trigger, there can be no assurance that a replacement to that counterparty will be found which has the ratings required to maintain the then current ratings of the Rated Notes. If a replacement counterparty with the requisite ratings cannot be found, this is likely to have an adverse impact on the rating of the Rated Notes and, as a consequence, the resale price of the Rated Notes in the market and the prima facie eligibility of the Rated Notes for use in certain liquidity schemes established by, *inter alios*, the Bank of England.

The ratings that are assigned to the Rated Notes do not represent any assessment of the yield to maturity that a holder of a Rated Note may experience.

Rating Agency confirmation in relation to the Rated Notes in respect of certain actions

The terms of certain Transaction Documents provide that certain actions to be taken by the Issuer and/or the other parties to the Transaction Documents are contingent on such actions not having an adverse effect on the ratings assigned to the Rated Notes. In such circumstances, the Note Trustee or the Security Trustee may require the Issuer to seek confirmation from the Rating Agencies that certain actions proposed to be taken by the Issuer and the Note Trustee, or, as the case may be, the Security Trustee will not have an adverse effect on the then current ratings of the Rated Notes (a "**Rating Agency Confirmation**").

A Rating Agency Confirmation that any action or inaction proposed to be taken by the Issuer or the Note Trustee or as the case may be, the Security Trustee will not have an adverse effect on the then current ratings of the Rated Notes does not, for example, confirm that such action (i) is permitted by the terms of the Transaction Documents or (ii) is in the best interests of, or not prejudicial to, the Noteholders of the Rated Notes. While entitled to have regard to the fact that the Rating Agencies have confirmed that the then current ratings of the Rated Notes would not be adversely affected, the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Secured Creditors (including the Noteholders of the Rated Notes), the Issuer, the Note Trustee, the Security Trustee or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the Noteholders of the Rated Notes), the Issuer, the Note Trustee, the Security Trustee or any other person whether by way of contract or otherwise. In addition the Note Trustee and/or the Security Trustee, as applicable, may, but is not required to, have regard to any Rating Agency Confirmation.

Any such Rating Agency Confirmation may or may not be given at the sole discretion of each Rating Agency. Certain Rating Agencies have indicated that they will no longer provide Rating Agency Confirmations as a matter of policy. To the extent that a Rating Agency Confirmation cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents and specifically the relevant modification and waiver provisions. It should be noted that, depending on the nature of the request, the timing of delivery of the request and of any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Rating Agency Confirmation in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. A Rating Agency Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date. A Rating Agency Confirmation represents only a restatement of the opinions given as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

Where the Transaction Documents allow the Note Trustee or the Security Trustee to seek a Rating Agency Confirmation and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer and (i) (A) one or more Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and (if there is only one Non-Responsive Rating Agency) (ii) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts, then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors certifying and confirming that, if there is only one Non-Responsive Rating Agency, each of the events in sub-paragraphs (i)(A) or (B) and (ii) has occurred or if there is more than one Non-Responsive Rating Agency that the events in sub-paragraph (i)(A) or (i)(B) are

satisfied. Each of the Note Trustee and the Security Trustee may rely on such certificate absolutely without further enquiry and without liability.

Where a Rating Agency Confirmation is a condition to any action or step under any Transaction Document and it is deemed to be modified as a result of a Non-Responsive Rating Agency not having responded to the relevant request from the Issuer within 30 days, there remains a risk that such Non-Responsive Rating Agency may subsequently downgrade, qualify or withdraw the then current ratings of the Rated Notes as a result of the action or step. Such a downgrade, qualification or withdrawal to the then current ratings of the Rated Notes may have an adverse effect on the value of the Rated Notes.

4. RISKS RELATING TO CHANGES TO THE STRUCTURE AND DOCUMENTS

The Note Trustee and the Security Trustee are not obliged to act in certain circumstances

Upon the occurrence of an Event of Default, the Note Trustee in its absolute discretion may, and if so directed in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (or if no Notes remain outstanding, of the Residual Certificates then in issue) or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding (or if no Notes remain outstanding, of the Residual Certificates then in issue) shall (subject, in each case, to being indemnified and/or prefunded and/or secured to its satisfaction), give an Enforcement Notice to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued interest thereon as provided in a trust deed between the Issuer, the Security Trustee and the Note Trustee (the "**Trust Deed**").

Each of the Note Trustee and the Security Trustee may, at any time, at their discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes, the Residual Certificates or the Trust Deed (including the Conditions and the Residual Certificates Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) the other Transaction Documents to which it is a party or in respect of which (in the case of the Security Trustee) it holds security. In respect of and at any time after the service of an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security. However, neither the Note Trustee nor the Security Trustee shall be bound to take any such proceedings or steps (including, but not limited to, the giving of an Enforcement Notice in accordance with Condition 11 (*Events of Default*) or Residual Certificates Condition 10 (*Events of Default*)) unless it should have been directed to do so by the holders of the Most Senior Class of Notes then outstanding (or if no Notes remain outstanding, of the Residual Certificates then in issue) and it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

See further "*Terms and Conditions of the Notes – Condition 12 (Enforcement)*" and "*Terms and Conditions of the Residual Certificates – Residual Certificates Condition 11 (Enforcement)*".

In addition, each of the Note Trustee and the Security Trustee benefit from indemnities given to them by the Issuer pursuant to the Transaction Documents which rank in priority to the payments of interest and principal on the Notes.

In relation to the undertakings to be given by the Retention Holder and the Seller in the Risk Retention Letter in accordance with the Securitisation Regulation regarding the material net economic interest to be retained by the Retention Holder in the securitisation and certain requirements as to providing investor information in connection therewith, neither the Note Trustee nor the Security Trustee will be under any obligation to monitor the compliance by the Retention Holder with such undertakings and will not be under any obligation to take any action in relation to non-compliance with such undertakings unless and until the Note Trustee or the Security Trustee has received actual written notice of the same from any party to any Transaction Document (a "**Transaction Party**"), in which event the only obligation of the Note Trustee or the Security

Trustee shall be to notify the Issuer (who shall notify the Noteholders and the other Secured Creditors of the same) and, subject to the Note Trustee being indemnified and/or secured and/or prefunded to its satisfaction, to take such further action as it is directed to take in connection with such non-compliance by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding.

Meetings of Noteholders and Certificateholders, Modification and Waivers

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

The Conditions and the Residual Certificates Conditions also provide that the Note Trustee, and may direct the Security Trustee to agree, without the consent of the Noteholders, the Certificateholders or the other Secured Creditors, to (a) other than in the case of a Basic Terms Modification, any modification of, or the waiver or authorisation of, any breach or proposed breach of, the Conditions, the Residual Certificates Conditions or any of the Transaction Documents which is not, in the opinion of the Note Trustee, or, as the case may be, the Security Trustee, materially prejudicial to the interests of the Noteholders or, if there are no Notes outstanding, the Certificateholders or (b) any modification which, in the opinion of the Note Trustee is of a formal, minor or technical nature or to correct a manifest error. The Conditions and Residual Certificates Conditions also specify that certain categories of amendments (including changes to majorities required to pass resolutions or quorum requirements) would be classified as Basic Terms Modifications. Investors should note that a Basic Terms Modification is required to be sanctioned by an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes and/or the Residual Certificates then in issue, as applicable which are affected by such Basic Terms Modifications unless the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the holders of those affected Class or Classes of Notes then outstanding and the holders of the Residual Certificates then in issue. Further, the Note Trustee or, as the case may be, the Security Trustee may also be obliged, in certain circumstances, to agree to amendments to the Conditions and the Residual Certificates Conditions and/or the Transaction Documents or, in the case of (vi) below, to enter into any new supplemental or additional documents that the Issuer or the relevant Servicer on its behalf considers necessary for the purpose of (i) complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, (ii) complying with certain risk retention legislation, regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee and Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect, (iii) enabling the Notes to be (or to remain) listed on Euronext Dublin, (iv) enabling the Issuer or any of the other Transaction Parties to comply with FATCA (or any voluntary agreement entered into which a taxing authority in relation thereto), (v) complying with any changes to any obligation which applies to it (i) under Article 6 of the Securitisation Regulation, including as a result of the adoption of regulatory technical standards in relation to the Securitisation Regulation, (ii) Regulation (EU) (2017/2401) (the "**CRR Amendment Regulation**") or (iii) any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect, (vi) enabling the Issuer to comply with any changes in the requirements of the Securitisation Regulation, together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time after the Closing Date, including as a result of any changes to any secondary legislation or official guidance in relation thereto (including the appointment of a third party to assist with the Issuer's reporting obligations pursuant to the Securitisation Regulation or (vii) changing the base rate in respect of the Notes from SONIA to an alternative base rate and make such other amendments as are necessary or advisable in the reasonable commercial judgment of the Issuer (or the relevant Servicer on its behalf) to facilitate such change) to the extent that there has been or that there is reasonably expected to be a material disruption or cessation to SONIA or in the event that an alternative means of calculating a SONIA-based rate of interest is introduced and becomes a standard method of

calculating interest for similar transactions (a "**Base Rate Modification**") after the Closing Date (each a "**Proposed Amendment**"), without the consent of the Noteholders or Certificateholders.

In relation to any such Proposed Amendments, the Issuer is required, amongst other things, to certify in writing to the Note Trustee and the Security Trustee that the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Notes. However, Noteholders should be aware that, in relation to each Proposed Amendment, if Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 13 (Meetings of Noteholders, Modification, Waiver and Substitution). See "*Terms and Conditions of the Notes – Condition 13 (Meetings of Noteholders, Modification, Waiver and Substitution)*" and "*Terms and Conditions of the Residual Certificates – Residual Certificates Condition 12 (Meetings of Certificateholders and Noteholders, Modification, Waiver and Substitution)*".

In addition, the Security Trustee may upon receipt of direction from the Certificateholders, be obliged, without any liability for so doing, to enter into additional documentation in respect of any transfer of the servicing of the ALBA 2006 Loans from the ALBA 2006 Servicer to a replacement servicer and/or any transfer of legal title to the ALBA 2006 Loans from the ALBA 2006 Legal Title Holder to another legal title holder (which may or may not be the replacement servicer). The Noteholders will not be required to provide consent for the entering into of such additional documentation. The identity of any replacement servicer and/or new legal title holder shall be as directed by the Certificateholders

Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the sole opinion of the Note Trustee or the Security Trustee, as applicable, would have the effect of (i) exposing the Note Trustee or the Security Trustee, as applicable, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Note Trustee or the Security Trustee, as applicable, in the Transaction Documents and/or these Conditions.

There is no guarantee that any changes made to the Transaction Documents, the Conditions and/or the Residual Certificates Conditions pursuant to the obligations imposed on the Note Trustee and the Security Trustee, as described above, would not be prejudicial to the Noteholders or Certificateholders.

Conflict between Noteholders

The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of all Classes of Noteholders as regards all powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise). The Deed of Charge contains provisions requiring the Security Trustee (subject to being indemnified and/or secured and/or prefunded) to act on the instructions of the Note Trustee.

If, in the Note Trustee's opinion, however, there is or may be a conflict between the interests of the holders of one or more Classes of Notes, on the one hand, and the interests of the holders of one or more Classes of

Notes, on the other hand, then the Note Trustee is required to have regard only to the interests of the holders of the relevant affected Class of Notes ranking in priority to other relevant Classes of Notes.

As a result, holders of Notes other than the Most Senior Class of Notes then may not have their interests taken into account by the Note Trustee or the Security Trustee when the Note Trustee exercises discretion.

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

Prospective investors should note that the Seller, the Retention Holder and/or affiliates or related entities of the Seller and/or the Retention Holder may purchase some or all of any of the Notes (other than, with respect to the Seller, the Class Z Notes) and/or the Residual Certificates, and in doing so, will not be prevented from being entitled to attend meetings of the Noteholders and/or the Certificateholders or vote at Noteholder and/or Certificateholder meetings or by way of written resolution (as applicable). The interests of the Seller, the Retention Holder and/or affiliates or related entities of the Seller and/or the Retention Holder may conflict generally with that of the other Noteholders and/or Certificateholders, and the Seller, the Retention Holder and/or affiliates or related entities of the Seller and/or the Retention Holder are not required to vote in any particular manner.

Conflict between Noteholders, Certificateholders and other Secured Creditors

So long as any of the Notes are outstanding, neither the Security Trustee nor the Note Trustee shall have regard to the interests of the other Secured Creditors, subject to the provisions of the Trust Deed and Condition 13.5 and Residual Certificates Condition 13.5.

In respect of the interests of the Certificateholders, the Trust Deed contains provisions requiring the Note Trustee not to have regard to the interests of the Certificateholders as regards all powers, trusts, authorities, duties and discretions of the Note Trustee, and requiring the Note Trustee to, except where expressly provided otherwise, have regard only to the interests of the Noteholders for so long as there are any Notes outstanding.

5. COUNTERPARTY RISKS

Risks associated with transfer of the servicing

The terms of the ALBA 2006 Servicing Agreement provide that servicing in respect of the ALBA 2006 Loans may be transferred or migrated to Pepper (UK) Limited (the **ALBA 2015 Servicer**) after the Closing Date. Such transfer or migration is subject to certain conditions, including that such substitute ALBA 2006 Servicer enters into a replacement servicing agreement on substantially the same terms as the ALBA 2015 Servicing Agreement (and the ALBA 2006 Servicer shall not be released from its obligations under the relevant provisions of the ALBA 2006 Servicing Agreement until such substitute has entered into such new agreement).

The Noteholders will not be required to provide their consent in respect of the transfer of the servicing to the ALBA 2015 Servicer.

All migrations of mortgage portfolios carry certain risks, both in relation to the compatibility of IT systems and the physical moving of loan files. Though any migration plan will look to eliminate certain operational risks, there can be no assurance that there will be no disruption in the collection of amounts from Borrowers.

Any disruption to the servicing of the ALBA 2006 Loans, in particular any delay in collecting payments from Borrowers, whether by way of direct debit or otherwise, would have an adverse effect on the ability of the Issuer to make payments under the Notes and the Certificates.

As at the date of this Prospectus the ALBA 2015 Loans are serviced by the ALBA 2015 Servicer pursuant to the ALBA 2015 Servicing Agreement.

Credit risk

The Issuer is subject to the risk of default in payment by the Borrowers and the inability of the relevant Servicer, on behalf of the Issuer and the ALBA 2006 Legal Title Holder or the ALBA 2015 Legal Title Holder (as applicable), to realise or recover sufficient funds under the arrears and default procedures in respect of any Loan and its Related Security in order to discharge all amounts due and owing by the relevant Borrower(s) under such Loan, which may adversely affect payments on the Notes. While the transaction utilises certain credit enhancement features, described in the section entitled "*Credit Structure*", no assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the Noteholders from all risk of loss. Should there be credit losses arising in respect of the Loans, this could have an adverse effect on the ability of the Issuer to make payments of interest and/or principal on the Notes.

Breach of obligations of a Servicer

If default is made by a Servicer in the performance or observance of any of its other covenants and obligations under the relevant Servicing Agreement or any other Transaction Document to which it is a party which is (in the opinion of the Note Trustee) materially prejudicial to the interests of the Noteholders and such default continues unremedied for a period of 15 Business Days after the earlier of the relevant Servicer becoming aware of such default and receipt by the relevant Servicer of written notice from the Issuer (as applicable) or (following delivery of an Enforcement Notice) the Security Trustee, as appropriate, requiring the same to be remedied, a Servicer Termination Event will have occurred and the appointment of the relevant Servicer may be terminated by the Issuer.

Additionally, a Servicer Termination Event may trigger perfection of the legal title in the relevant Loans and their Related Security to the Issuer (or its nominee). The occurrence of a Servicer Termination Event may disrupt the collection of payments due on the Loans and ultimately could adversely affect the ability of the Issuer to make payments on the Notes and the Certificates.

Issuer Reliance on Other Third Parties

The Issuer is also a party to contracts with a number of other third parties who have agreed to perform services in relation to the Issuer and/or Notes. In particular, but without limitation, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer pursuant to the Corporate Services Agreement, the Issuer Account Bank has agreed to provide the Deposit Account to the Issuer pursuant to the Bank Account Agreement, the ALBA 2006 Servicer has agreed to service the ALBA 2006 Loans pursuant to the ALBA 2006 Servicing Agreement, the ALBA 2015 Servicer has agreed to service the ALBA 2015 Loans pursuant to the ALBA 2015 Servicing Agreement, the Back-Up Servicer Facilitator has agreed to provide certain services in the event that the appointment of the ALBA 2006 Servicer or ALBA 2015 Servicer is terminated pursuant to the ALBA 2006 Servicing Agreement and the ALBA 2015 Servicing Agreement respectively, the Cash Manager has agreed to provide cash management services pursuant to the Cash Management Agreement, and the Paying Agents, the Registrar and the Agent Bank have all agreed to provide services with respect to the Notes pursuant to the Agency Agreement. In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party and/or are removed or if such a party resigns without a sufficiently experienced substitute or any substitute being appointed in their place promptly thereafter, collections on the Portfolio and/or payments to Noteholders may be disrupted and Noteholders may be adversely affected. Investors should note that the

Pepper global group of companies has executed a share purchase agreement with Link Group Administration Limited, pursuant to which Link would, subject to the satisfaction of typical pre-closing conditions and various regulatory approvals, acquire the entire issued share capital of the Servicer in the coming months. No material impact on the transaction is expected from the proposed acquisition of the entire issued share capital of the ALBA 2015 Servicer by Link.

The Transaction Documents do not contain any restrictions on the ability of any third party providing services to the Issuer to change their business plans and strategies and access other business lines or markets after the Closing Date. Any changes of the business plans and strategies of a third party service provider could expose that third party to additional risks (including regulatory, operational and systems risk) which could have an adverse effect on the ability of the third party to provide services to the Issuer and consequently could have an adverse effect on the Issuer's ability to perform its obligations under the Notes.

The performance of any such third parties, including the Servicers, may be affected by economic, social, political and other factors, such as changes in the national or international economic climate, regional economic conditions, changes in laws, political developments and government policies, natural disasters, illness (including illnesses from epidemics or pandemics, including COVID-19) and widespread health crises or the fear of such crises, which may result in a material delay or default in the performance of certain services in relation to the Notes and Certificates by such third parties, which then may impact the ability of the Issuer to perform its obligations under the Notes and Certificates, including its obligations to make timely payments on the Notes and Certificates.

The Servicers

The ALBA 2006 Servicer and the ALBA 2015 Servicer (each a "**Servicer**") will be appointed by the Issuer and (where relevant) the relevant Legal Title Holder as Servicer to service the Loans and their Related Security. If the relevant Servicer breaches the terms of the ALBA 2006 Servicing Agreement or the ALBA 2015 Servicing Agreement (each a "**Servicing Agreement**") (as applicable), then (prior to the delivery of an Enforcement Notice and with the prior written consent of the Security Trustee) the Issuer or (after delivery of an Enforcement Notice) the Security Trustee will be entitled to terminate the appointment of the relevant Servicer in accordance with the terms of the relevant Servicing Agreement and the Issuer and the Seller shall use their reasonable endeavours to appoint a new servicer in its place whose appointment is to be approved by the Security Trustee.

The aggregate liability of the relevant Servicer in respect of any claim arising out of or in connection with the relevant Servicing Agreement (including but not limited to, contractual or delictual liability, tortious liability, including negligence and non-fraudulent misrepresentation, breach of statutory duty, restitution or otherwise) for any loss however so caused arising out of or in connection with the relevant Servicing Agreement or the services carried out by the relevant Servicer pursuant to such Servicing Agreement shall, except in respect of fraud on the part of the relevant Servicer, wilful default by the relevant Servicer, intentional misconduct, theft committed by the relevant Servicer or any liability which may not be excluded or limited as a matter of applicable law, be a capped amount, being three times the fees payable in respect of the ALBA 2006 Servicer under the ALBA 2006 Servicing Agreement and £6,000,000 in respect of the ALBA 2015 Servicer under the ALBA 2015 Servicing Agreement.

In the event that the Issuer suffers a loss in respect of the Portfolio, or becomes liable to a third party, in each case as a result of any claim arising out of or in connection with the performance (or non-performance) of the relevant Servicer's duties and obligations under the relevant Servicing Agreement and the relevant Servicer is liable to the Issuer for such acts or omissions pursuant to the terms of such Servicing Agreement, any loss over and above the liability cap set out in the relevant Servicing Agreement (to the extent enforceable under applicable law and other than as a result of fraud on the part of the relevant Servicer, wilful default by the relevant Servicer, intentional misconduct or theft committed by the relevant Servicer,) may be irrecoverable by the Issuer. This may result in less proceeds being available to meet the obligations of the Issuer in respect of the Notes.

Any change in a Servicer could delay collection of payments on the Loans and ultimately could adversely affect the ability of the Issuer to make payments in full on the Notes.

If a Servicer Termination Event occurs, there can be no assurance that a substitute servicer with sufficient experience of servicing the relevant Loans and their Related Security would be found who would be willing and able to service the relevant Loans and their Related Security on the terms, or substantially similar terms, set out in the relevant Servicing Agreement. Further, it may be that the terms on which a substitute servicer may be appointed are substantially different from those as set out in the relevant Servicing Agreement and the terms may be such that the Noteholders may be adversely affected. In addition, as described below, any substitute servicer will be required, *inter alia*, to be authorised under the Financial Services and Markets Act 2000 (the "FSMA") in order to service mortgage loans that constitute Regulated Mortgage Contracts and undertake Regulated Mortgage Activity under the FSMA. The ability of a substitute servicer to fully perform the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute servicer may affect payments on the Loans and hence the Issuer's ability to make payments when due on the Notes. Such risk is intended to be mitigated by the provisions of each Servicing Agreement pursuant to which a substitute servicer is required to be appointed, although no assurance can be given as to such substitute servicer actually being appointed.

In addition, Noteholders should be aware that the Servicer has no obligation itself to advance payments that Borrowers fail to make in a timely fashion.

For further details on the arrangements with the ALBA 2006 Servicer, please see "*Summary of the Key Transaction Documents – ALBA 2006 Servicing Agreement*".

For further details on the arrangements with the ALBA 2015 Servicer, please see "*Summary of the Key Transaction Documents – ALBA 2015 Servicing Agreement*".

Change of counterparties

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

These criteria include requirements imposed by the FCA under the FSMA and requirements in relation to the short-term and long-term unguaranteed and unsecured ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria set out in the relevant Transaction Documents and as described in this Prospectus, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria (including but not limited to the ratings criteria). In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. In addition, it may not be possible to find an entity with the ratings prescribed in the relevant Transaction Document who would be willing to act in the role. This may reduce amounts available to the Issuer to make payments of interest and principal on the Notes and/or lead to a downgrade in the ratings of the Rated Notes.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may agree to amend or waive certain of the terms of such document, including the applicable criteria (although this will not apply to mandatory provisions of law), in order to avoid the need for a replacement entity to be appointed. The consent of Noteholders may not be required in relation to such amendments and/or waivers.

Certain material interests and potential for conflicts

Certain of the parties to the transaction have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer, the Seller and the Retention Holder in the ordinary course of business. Other parties to the transaction may also perform multiple roles. Accordingly, conflicts of interest may exist or may arise as a result of parties having previously engaged or in the future engaging in transactions with other parties, having multiple roles or carrying out other transactions for third parties. The parties to the transaction may, pursuant to the Transaction Documents, be replaced by one or more new parties. It cannot be excluded that such a new party could also have a potential conflicting interest, which might ultimately have a negative impact on the ability of the Issuer to perform its obligations in respect of the Notes.

Certain conflicts of interest

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

In addition to the interests described in this Prospectus, the Arranger and Lead Manager and its respective related entities, associates, officers or employees (for the purposes of this paragraph, each a "**Lead Manager Related Person**"):

- (a) may from time to time be a Noteholder and/or Residual Certificateholder or have other interests with respect to the Notes or the Residual Certificates and they may also have interests relating to other arrangements with respect to a Noteholder or a Note, a Residual Certificateholder or a Residual Certificate or any other Transaction Party;
- (b) may receive (and will not have to account to any person for) fees, brokerage and commissions or other benefits and act as principal with respect to any dealing with respect to any Notes or Residual Certificates;
- (c) may purchase all or some of the Notes or Residual Certificates and resell them in individually negotiated transactions with varying terms; and
- (d) may be or have been involved in a broad range of transactions including, without limitation, banking, lending, advisory, dealing in financial products, credit, derivative and liquidity transactions (which may include financing of the risk retention), investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Residual Certificates, the Issuer or any other Transaction Party or any related entity, both on its own account and for the account of other persons.

Prospective investors should be aware that:

- (i) to the maximum extent permitted by applicable law, the duties of each Lead Manager Related Person in respect of the Notes and/or Residual Certificates are limited to the relevant contractual obligations set out in the Transaction Documents (if any) and, in particular, no advisory or fiduciary duty is owed to any person. No Lead Manager Related Person shall have any obligation to account to the Issuer, any Transaction Party or any Noteholder for any profit as a result of any other business that it may conduct with either the Issuer or any Transaction Party;

- (ii) a Lead Manager Related Person may have or come into possession of information not contained in this Prospectus that may be relevant to any Noteholder or to any decision by a potential investor to acquire the Notes and/or Residual Certificates and which may or may not be publicly available to potential investors ("**Relevant Information**");
- (iii) to the maximum extent permitted by applicable law no Lead Manager Related Person is under any obligation to disclose any Relevant Information to any other Lead Manager Related Person, to any Transaction Party or to any potential investor and this Prospectus and any subsequent conduct by a Lead Manager Related Person should not be construed as implying that such Lead Manager Related Person is not in possession of such Relevant Information; and
- (iv) each Lead Manager Related Person may have various potential and actual conflicts of interest arising in the ordinary course of its businesses, including in respect of the interests described above. For example, a Lead Manager Related Person's dealings with respect to a Note and/or a Residual Certificate the Issuer or a Transaction Party, may affect the value of a Note or Residual Certificate.

These interests may conflict with the interests of a Noteholder or Residual Certificateholder and the Noteholder or Residual Certificateholder may suffer loss as a result. To the maximum extent permitted by applicable law, a Lead Manager Related Person is not restricted from entering into, performing or enforcing its rights in respect of the Transaction Documents, the Notes, the Residual Certificates or the interests described above and may otherwise continue or take steps to further or protect any of those interests and its business even where to do so may be in conflict with the interests of Noteholders, the Residual Certificateholders and the Lead Manager Related Persons may in so doing so act in its own commercial interests and without notice to, and without regard to, the interests of any such person.

Limited Resources of the Seller

The Seller will agree, pursuant to the Mortgage Sale Agreement to repurchase Loans and their Related Security or make indemnity payments in lieu of such repurchase in certain circumstances (as more particularly set out in "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*"). This obligation will be subject to a time limitation and will not extend beyond the Optional Redemption Date. In addition, as a practical matter, the ability of the Seller to make any indemnity payments in relation to such repurchases or in lieu of such repurchases or otherwise discharge its liabilities under the Mortgage Sale Agreement or any other Transaction Document will be limited.

The Seller is a special purpose vehicle with limited assets and funds and as such will, after having satisfied its obligations to pay its secured creditors, have limited resources available to it to repurchase any Loans if required pursuant to the terms of the Mortgage Sale Agreement or to make any indemnity payments under the Mortgage Sale Agreement or any other Transaction Document. The obligations of the Seller are not guaranteed nor will they be the responsibility of any person other than the Seller, and, as such neither the Issuer nor the Security Trustee will have recourse to any other person in the event that the Seller, for whatever reason, fails to meet its repurchase obligations under the Mortgage Sale Agreement during the period between the Closing Date and the Optional Redemption Date or otherwise fails to discharge its obligations to make any indemnity payments under the Mortgage Sale Agreement or any other Transaction Document.

The Issuer has also agreed that it will not take any action to wind up the Seller or initiate similar proceedings. This may affect the ability of the Issuer to exercise effectively certain rights under the Mortgage Sale Agreement. The Retention Holder is under no obligation to put the Seller in funds for the purposes of funding a repurchase, indemnity payment in lieu of repurchase or otherwise. Therefore in the event that any Loan is found to be in breach of the Loan Warranties, the Seller may have limited funds available to it to effect a repurchase of the relevant Loan or make an indemnity payment in lieu of such repurchase, which may have an adverse effect on the Issuer's ability to make payments on the Notes.

6. MACRO-ECONOMIC AND MARKET RISKS

Absence of secondary market

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

There is currently a limited secondary market for the Notes, and no assurance is provided that an active and liquid secondary market for the Notes will develop further. None of the Notes have been, or will be, registered under the Securities Act or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set out under the sections entitled "*Subscription and Sale*" and "*Transfer Restrictions and Investor Representations*". To the extent that a secondary market develops further, it may not continue for the life of the Notes or it may not provide Noteholders with liquidity of investment with the result that a Noteholder may not be able to find a buyer to buy its notes readily or at prices that will enable the Noteholder to realise a desired yield. Any investor in the Notes must be prepared to hold their Notes until the Final Maturity Date.

The secondary market for mortgage-backed securities similar to the Notes has at times experienced significant disruptions and limited liquidity resulting from reduced investor demand for such securities. Limited liquidity in the secondary market may have an adverse effect on the market value of mortgage-backed securities including the Notes issued by the Issuer, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. It is not known whether such disruptions to the market will reoccur.

Whilst central bank schemes such as, amongst others, the Bank of England's Discount Window Facility, the Extended Collateral Term Repo Facility and Funding for Lending Scheme, the Eurosystem monetary policy framework of the European Central Bank, the Bank of England's Sterling Monetary Framework or the European Central Bank's liquidity scheme provides an important source of liquidity in respect of eligible securities, further restrictions in respect of the relevant eligibility criteria for eligible collateral which applies and will apply in future are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities. None of the Arranger, the Lead Manager, the Issuer or the Seller gives any representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue or at any time prior to redemption in full, satisfy all or any of the requirements for such central bank schemes. Any potential investor in the Notes should make their own conclusions and seek their own advice with respect to whether or not the Notes constitute eligible collateral for such central bank schemes.

In addition potential investors should be aware that global markets have recently been negatively impacted by the then prevailing global market conditions and reduced growth expectations for the Organisation for Economic Co-operation and Development economies, which could affect any secondary market for instruments similar to the Notes. In particular, at the date of this Prospectus, as well as the current challenges facing the European macro-economic environment, certain European governments are in discussions with other countries in the Eurozone, the International Monetary Fund and other creditors are in the process of establishing or have already established and are implementing an austerity programme. There has been further uncertainty in the global markets as a result of the United Kingdom's vote to leave the European Union (see the risk factor below entitled "*The relationship between the United Kingdom with the European Union may affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or liquidity of the Notes in the secondary market*"). It is unclear what the effect of these discussions will be on the Eurozone economy. This uncertainty may have implications for the liquidity of the Notes in the secondary market.

Geographic Concentration Risks

Loans in the Portfolio may also be subject to geographic concentration risks within certain regions of the United Kingdom. To the extent that specific geographic regions within the United Kingdom have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions in the United Kingdom, a concentration of the Loans in such a region may be expected to exacerbate the risks relating to the Loans described in this section. Certain geographic regions within the United Kingdom rely on different types of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or in the region that relies most heavily on that industry. The Issuer can predict neither when or where such regional economic declines may occur nor to what extent or for how long such conditions may continue. Any natural disasters in a particular region may reduce the value of affected Properties. This may result in a loss being incurred upon the sale of such Properties. These circumstances could affect receipts on the Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Loans in the Provisional Portfolio, see "*Characteristics of the Provisional Portfolio*".

The relationship between the United Kingdom with the European Union may affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or liquidity of the Notes in the secondary market

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) have recently intensified and remain significant throughout the Eurozone despite easing in some Member States recently. In particular, concerns have been raised with respect to current economic, monetary and political conditions in the region comprised of the Member States of the EU that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended (the "**Eurozone**"). If such concerns persist and/or such conditions further deteriorate (including as may be demonstrated by any relevant credit Rating Agency action, any default or restructuring of indebtedness by one or more Member States or institutions within those Member States and/or any exit(s) by any member state(s) from the European Union and/or any changes to, including any break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the UK housing market, the Issuer, one or more of the other parties to the Transaction Documents (including the Seller, the Retention Holder, the ALBA 2015 Legal Title Holder, the ALBA 2006 Legal Title Holder, the ALBA 2015 Servicer, the ALBA 2006 Servicer, the Issuer Account Bank and/or the Cash Manager) and/or any Borrower in respect of its Loan.

In particular, prospective investors should note that, pursuant to a referendum held in June 2016, the UK has voted to leave the European Union and on 29 March 2017 the UK Government invoked article 50 of the Lisbon Treaty and officially notified the European Union of its decision to withdraw from the European Union. This commenced the formal two-year process (although this has subsequently been extended three times) of negotiations regarding the terms of the withdrawal and the framework of the future relationship between the UK and the European Union (the **article 50 withdrawal agreement**).

Under the terms of the ratified article 50 withdrawal agreement, a transition period commenced which will last until 31 December 2020. During this period, most European Union rules and regulations will continue to apply to and in the UK and negotiations in relation to a free trade agreement will be ongoing. Under the article 50 withdrawal agreement, the transition period could, before 1 July 2020, be extended once by up to two years but on 12 June 2020, the UK formally confirmed that it would not be seeking an extension and this was formally accepted by the EU. While this does not entirely remove the prospect that the transition period will be extended (for example, it could be achieved under a new treaty which deals with an extension), the likelihood of a further extension is significantly reduced and the risk is increased that by 31 December 2020 no trade agreement on future relationship between the UK and the European Union is reached at all or a significantly narrower agreement is reached than that envisaged by the political declaration by the European Commission and the UK Government.

The European Union and the UK Government have continued preparations for a "hard" Brexit (or "no-trade deal" Brexit) to minimise the risks for firms and businesses associated with an exit without agreement as to the EU-UK future trade relationship at the end of the transition period. This has included the UK Government publishing further draft secondary legislation under powers provided in the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) to ensure that there is a functioning statute book at the end of the transition period.

Due to the on-going political uncertainty as regards the structure of the future relationship between the UK and the European Union, it is not possible to determine the precise impact on general economic conditions in the UK, including the performance of the UK housing market. It is also not possible to determine the precise impact that these matters will have on the business of the Issuer (including the performance of the underlying Loans), any other party to the Transaction Documents and/or any Borrower in respect of the underlying Loans, or on the regulatory position of any such entity or of the transactions contemplated by the Transaction Documents under EU regulation or more generally.

No assurance can be given that any of the matters outlined above would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or liquidity of the Notes in the secondary market.

7. LEGAL AND REGULATORY RISKS

Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in multiple measures for increased regulation which are at various stages of implementation and which may have an adverse impact on the regulatory position of certain investors in securitisation exposures and/or on the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and should consult their own advisers in this respect. None of the Issuer, the Arranger, the Lead Manager or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment in the Notes on the Closing Date or at any time in the future.

Prudential regulation reforms under Basel or other frameworks may have an adverse impact on the regulatory capital treatment of the Notes

In particular, investors should note that the Basel Committee on Banking Supervision ("**BCBS**") has approved a series of significant changes to the Basel regulatory capital and liquidity framework (such changes being referred to by the BCBS as Basel III and referred to, colloquially, as Basel III in respect of reforms finalised prior to 7 December 2017 and Basel IV in respect of reforms finalised on or following that date). The Basel III/IV reforms, which include revisions to the credit risk framework in general and the securitisation framework in particular, may result in increased regulatory capital and/or other prudential requirements in respect of securitisation positions. The Basel III/IV reforms, which include revisions to the credit risk framework in general and the securitisation framework in particular, may result in increased regulatory capital and/or other prudential requirements in respect of securitisation positions. The BCBS continues to work on new policy initiatives. National implementation of the Basel III/IV reforms may vary those reforms and/or their timing. It should also be noted that changes to prudential requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe. Investors in the Notes are responsible for analysing their own regulatory position and prudential regulation treatment applicable to the Notes and should consult their own advisers in this respect.

Securitisation Regulation regime applies to the Notes and non-compliance with this regime may have an adverse impact on the regulatory treatment of Notes and/or decrease liquidity of the Notes.

The Securitisation Regulation applies in general (subject to certain grandfathering) from 1 January 2019, although some legislative measures necessary for the full implementation of the new regime have not yet been finalised and compliance with certain requirements is subject to the application of transitional provisions.

The Securitisation Regulation establishes certain common rules for all securitisations that fall within its scope (including recast of pre-1 January 2019 risk retention and investor due diligence regimes).

The Securitisation Regulation has direct effect in member states of the EU and is to be implemented in due course in other countries in the EEA and in the UK.

The Securitisation Regulation requirements apply to the Notes. As such, certain European-regulated institutional investors, including credit institutions, investment firms, authorised alternative investment fund managers, insurance and reinsurance undertakings, certain undertakings for the collective investment of transferable securities (UCITs) and certain regulated pension funds (institutions for occupational retirement provision), are required to comply under Article 5 with certain due diligence requirements prior to holding a securitisation position and on an ongoing basis while holding the position. Among other things, prior to holding a securitisation position, such institutional investors are required to verify certain matters with respect to compliance of the relevant transaction parties with credit granting standards, risk retention and transparency requirements and, on transactions notified as STS, compliance of that transaction with the STS Requirements. If the relevant European-regulated institutional investor elects to acquire or holds the Notes having failed to comply with one or more of these requirements, this may result in the imposition of a penal capital charge on the Notes for institutional investors subject to regulatory capital requirements or a requirement to take a corrective action, in the case of a certain type of regulated fund investors. Aspects of the requirements of the Securitisation Regulation and what is or will be required to demonstrate compliance to national regulators remain unclear. Prospective investors should therefore make themselves aware of requirements applicable to them and are required to independently assess and determine the sufficiency of the information described in this Prospectus generally for the purposes of complying with such due diligence requirements under the Securitisation Regulation and any corresponding national measures which may be relevant.

Various parties to the securitisation transaction described in this Prospectus (including the Issuer) are also subject to the requirements of the Securitisation Regulation. However, there is at present some uncertainty in relation to some of these requirements and what is or will be required to demonstrate compliance to national regulators, including in particular with regard to the transparency obligations imposed under Article 7 of the Securitisation Regulation, the application of the transitional provisions in connection with such Article and the final position on the new disclosure templates to be applied under the new technical standards. Please note that the European Commission-adopted texts of Article 7 technical standards were published in October 2019, representing the near final position on the applicable reporting templates, but these are yet to be approved by the European Parliament and the Council of the European Union and it is expected that these technical standards will be finalised and enter into force in Q3 2020. Prospective investors are referred to the sections entitled "*Certain Regulatory Requirements*" for further details and should note that there can be no assurance that the information in this Prospectus or to be made available to investors in accordance with Article 7 of the Securitisation Regulation will be adequate for any prospective institutional investors to comply with their due diligence obligations under the Securitisation Regulation.

Prospective investors in the Notes are responsible for analysing their own regulatory position, and should consult their own advisers in this respect.

The Securitisation Regulation (and the "**CRR Amendment Regulation**") also includes provisions intended to implement the revised securitisation framework developed by BCBS (with adjustments) and provides, among other things, for harmonised foundation criteria and procedures applicable to securitisations seeking designation as STS securitisation.

The STS securitisation designation impacts on the potential ability of the Notes to achieve better or more flexible regulatory treatment under various EU regimes that were amended (or will be amended in due course) to take into account the STS framework (such as Type 1 securitisation under Solvency II, as amended; regulatory capital treatment under the securitisation framework of the Capital Requirements Regulation, as amended by the CRR Amendment Regulation; Type 2B securitisation under the LCR Regulation, as amended and the changes to the EMIR regime that provide for certain exemptions for STS securitisation swaps).

The Notes are not intended to be designated as STS for the purposes of the Securitisation Regulation. Prospective investors are themselves responsible for analysing their own regulatory position, and should consult their own advisers in this respect and should consider (and where appropriate, take independent advice on) the consequence from a regulatory perspective of the Notes not being considered an STS securitisation, including (but not limited to) that the lack of such designation may negatively affect the regulatory position of, and the capital charges on, the Notes and, in addition, have a negative effect on the price and liquidity of the Notes in the secondary market.

Insolvency legislation in the United Kingdom

The Issuer has represented in the Transaction Documents that it will have its centre of main interests in the United Kingdom and may therefore be subject to the insolvency proceedings under the laws of England and Wales.

Company voluntary arrangement and small companies moratorium

Under the company voluntary arrangement procedure set out in the Insolvency Act 1986, certain "small companies" are permitted to seek court protection from their creditors by way of a moratorium for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the Secretary of State may, by order, extend or reduce the duration of either period).

A "small company" is defined by reference to whether the company meets certain tests contained in section 382(3) of the Companies Act 2006, relating to a company's balance sheet total, turnover and average number of employees in a particular period. The position as to whether or not a company is a "small company" may change from financial period to financial period, depending on its financial position and average number of employees during that particular period. The Secretary of State may, by regulation, also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a "small company". Accordingly, the Issuer may, at any given time, come within the ambit of the "small companies" provisions, such that the Issuer may (subject to the exemptions referred to below) be eligible to seek a moratorium, in advance of a company voluntary arrangement.

During the period for which a moratorium is in force in relation to a company, *inter alia*, no winding up may be commenced or administrator appointed to that company, no administrative receiver of that company may be appointed, no security created by that company over its property may be enforced (except with the leave of the court) and no other proceedings or legal process may be commenced or continued in relation to that company (except with the leave of the court). In addition, if the holder of security (the "**chargee**") created by that company consents or if the court gives leave, the company may dispose of the secured property as if it were not subject to the security. Where the property in question is subject to a floating charge, the chargee will have the same priority in respect of any property of the company directly or indirectly representing the property disposed of as he would have had in respect of the property subject to the floating charge. Where the security in question is that other than a floating charge, it shall be a condition of the chargee's consent or the leave of the court that the net proceeds of the disposal shall be applied towards discharging the sums secured by the security. Further, during the period for which a moratorium is in force in respect of a company it may not make any payments with respect to debts or liabilities existing prior to the date of filing for a moratorium unless (i) there are reasonable grounds for believing the payment will benefit the company,

and (ii) the payment is approved by a committee of creditors of the company if established or, if not, by the nominee of the proposed company voluntary arrangement.

Certain companies which qualify as small companies for the purposes of these provisions may be, nonetheless, excluded from being so eligible for a moratorium under the provisions of the Insolvency Act 1986 (Amendment No. 3) Regulations 2002. Companies excluded from eligibility for a moratorium include those which are party to a capital market arrangement, under which a debt of at least £10,000,000 is incurred and which involves the issue of a capital market investment. The definitions of "capital market arrangement" and "capital market investment" are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10,000,000 of debt, the granting of security to a trustee, and the issue of a rated, listed or traded debt instrument, is excluded from being eligible for a moratorium. The Secretary of State may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible.

Accordingly, the provisions described above will serve to limit the Security Trustee's ability to enforce the Security to the extent that: firstly, if the Issuer falls within the criteria for eligibility for a moratorium at the time a moratorium is sought; secondly, if the directors of the Issuer seek a moratorium in advance of a company voluntary arrangement; and, thirdly, if the Issuer is considered not to fall within the capital market exception (as expressed or modified at the relevant time) or any other applicable exception at the relevant time; in those circumstances, the enforcement of any security by the Security Trustee will be for a period prohibited by the imposition of the moratorium. In addition, the other effects resulting from the imposition of a moratorium described above may impact the transaction in a manner detrimental to the Noteholders.

Security and insolvency considerations

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see "*Summary of the Key Transaction Documents – Deed of Charge*"). In certain circumstances, including the occurrence of certain insolvency (or certain pre-insolvency) events in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired. In particular, it should be noted that significant changes to the UK insolvency regime have been enacted under the Corporate Insolvency and Governance Act 2020 which received Royal Assent on 25 June 2020 and came into effect on 26 June 2020. The changes include, among other things: (i) the introduction of a new moratorium regime that certain eligible companies can obtain which will prevent creditors taking certain action against the company for a specified period; (ii) a ban on operation of or exercise of ipso facto clauses preventing (subject to exemptions) termination, variation or exercise of other rights under a contract due to a counterparty entering into certain insolvency or restructuring procedures; and (iii) a new compromise or arrangement under Part 26A of the Companies Act 2006 (the "**Restructuring Plan**") that provides for ways of imposing a restructuring on creditors and/or shareholders without their consent (so-called cross-class cram-down procedure), subject to certain conditions being met and with a court adjudicating on the fairness of the restructuring proposal as a whole in determining whether or not to exercise its discretionary power to sanction the Restructuring Plan. While the Issuer is expected to be exempt from the application the new moratorium regime and the ban on ipso facto clauses, there is no guidance on how the new legislation will be interpreted and the Secretary of State may by regulations modify the exceptions. For the purposes of the Restructuring Plan, it should also be noted that there are currently no exemptions, but the Secretary of State may by regulations provide for exclusion of certain companies providing financial services and the UK government has expressly provided for changes to the Restructuring Plan to be effected through secondary legislation, particularly in relation to the cross-class cram-down procedure. It is therefore possible that aspects of the legislation may change.

While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent and/or subject to pre-insolvency restructuring proceedings, no assurance can be given that any modification of the exceptions from the application of the new insolvency reforms referred to above will not be detrimental to the interests of the Noteholders and there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency or pre-insolvency restructuring proceedings and/or that the

Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws and, if applicable, Scottish insolvency laws or the laws affecting the creditors' rights generally).

In addition, it should be noted that, to the extent that the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of sections 174A, 176ZA and 176A of the Insolvency Act 1986 (as noted further below), certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Deed of Charge may be used to satisfy any expenses of the insolvency proceeding, claims of unsecured creditors or creditors who otherwise take priority over the floating charge recoveries. While certain of the covenants given by the Issuer in the Transaction Documents are intended to ensure it has no significant creditors other than the secured creditors under the Deed of Charge, it will be a matter of fact as to whether the Issuer has any other such creditors at any time. There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

Fixed charges may take effect under English law as floating charges

The law in England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment or assignation in security) may take effect under English law as floating charges only, if, for example, it is determined that the Security Trustee does not exert sufficient control over the Charged Assets (although it should be noted that there is no equivalent concept of recharacterisation of fixed security as floating charges under Scots law). It should be assumed by Noteholders that the fixed charges will take effect as floating charges. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets.

The interest of the Secured Creditors in property and assets over which there is a floating charge will rank behind the expenses of any administration or liquidator and the claims of certain preferential creditors on enforcement of the Security. Section 250 of the Enterprise Act 2002 abolishes Crown Preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge) but section 176A of the Insolvency Act 1986 requires a "prescribed part" (up to a maximum amount of £800,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors.

Liquidation expenses payable on floating charge realisation will reduce amounts available to satisfy the claims of secured creditors of the Issuer

Prior to the House of Lords' decision in the case of *Re Leyland Daf* [2004] UKHL 9 ("**Re Leyland Daf**"), the general position was that, in a liquidation of a company, the liquidation expenses ranked ahead of unsecured debts and floating chargees' claims. *Re Leyland Daf* reversed this position so that liquidation expenses could no longer be recouped out of assets subject to a floating charge. However, section 176ZA of the Insolvency Act 1986, which came into force on 6 April 2008, effectively reversed by statute the House of Lords' decision in *Re Leyland Daf*. As a result costs and expenses of a liquidation will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to the approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to rules 4.218A to 4.218E of the Insolvency Rules 1986. In general, the reversal of *Re Leyland Daf* applies in respect of all liquidations commenced on or after 6 April 2008.

Therefore, floating charge realisations upon the enforcement of the floating charge security to be granted by the Issuer which would otherwise have been available to the Secured Creditors would be reduced by the amount of all, or a significant proportion of, any liquidation expenses which could have an adverse effect on the ability of the Issuer to make payments in respect of the Notes.

Banking Act 2009

The Banking Act 2009 (the "**Banking Act**") includes provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of certain UK incorporated entities, including authorised deposit-taking institutions and investment firms, and powers to take certain resolution actions in respect of third country institutions. In addition, powers may be used in certain circumstances in respect of UK established banking group companies, where such companies are in the same group as a relevant UK or third country institution or in the same group as an EEA credit institution or investment firm (and for these purposes, the EEA includes the United Kingdom). Relevant transaction parties for these purposes include the Issuer Account Bank, the Agent Bank, the Registrar, the Paying Agents and the Collection Account Bank.

The tools available under the Banking Act include share and property transfer powers (including powers for partial property transfers), bail-in powers, certain ancillary powers (including powers to modify contractual arrangements in certain circumstances) and special insolvency procedures which may be commenced by the UK authorities. It is possible that the extended tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made and, in certain circumstances, the UK authorities may exercise broad pre-resolution powers in respect of relevant entities with a view to removing impediments to the exercise of the stabilisation tools.

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

If an instrument or order were to be made under the provisions of the Banking Act currently in force in respect of a relevant entity as described above, such instrument or order may (among other things) affect the ability of such entity to satisfy its obligations under the Transaction Documents and/or result in the cancellation, modification or conversion of certain unsecured liabilities of such entity under the Transaction Documents or other modifications to such documents. In particular, modifications may be made pursuant to powers permitting (i) certain trust arrangements to be removed or modified (ii) contractual arrangements between relevant entities and other parties to be removed, modified or created where considered necessary to enable a transferee in the context of a property or share transfer to operate the transferred business effectively and (iii) in connection with the modification of an unsecured liability through use of the bail-in tool, the discharge of a relevant entity from further performance of its obligations under a contract. In addition, powers may apply to require a relevant instrument or order (and related events) to be disregarded in determining whether certain widely defined "default events" have occurred. As a result, the making of an instrument or order in respect of a relevant entity as described above may affect the ability of the Issuer to meet its obligations in respect of the Notes.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of a relevant entity referred to above and there has been no indication that it will make any such instrument or order, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such instrument or order if made. While there is provision for compensation in certain circumstances under the Act, there can be no assurance that Noteholders would recover compensation promptly or that such compensation would be equal to any loss actually incurred.

Lastly, as a result of Directive 2014/59/EU providing for the establishment of an EEA-wide (which, for these purposes, includes the United Kingdom) framework for the recovery and resolution of credit institutions and investment firms and any relevant national implementing measures, it is possible that an institution with its head office in an EEA state other than the UK and/or certain group companies could be subject to certain resolution actions in that other state. Once again, any such action may affect the ability of any relevant entity to satisfy its obligations under the Transaction Documents and there can be no assurance that Noteholders will not be adversely affected as a result.

Legal considerations may restrict certain investments

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

UK Taxation treatment of the Issuer

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (as introduced by the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended) (the "**Securitisation Tax Regulations**")), and as such should be taxed only on the amount of its "retained profit" (as that term is defined in the Securitisation Tax Regulations), for so long as it satisfies the conditions of the Securitisation Tax Regulations. However, if the Issuer does not satisfy the conditions of the Securitisation Tax Regulations (or subsequently ceases to satisfy those conditions), then the Issuer may be subject to tax liabilities not contemplated in the cash flows for the transaction described in this Prospectus. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest and/or principal than expected.

Withholding tax under the Notes

In the event that any withholding or deduction for or on account of any tax is imposed on payments in respect of the Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate the Noteholders for such withholding or deduction. However, if it would prevent such withholding or deduction and in accordance with Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*), the Issuer will in certain circumstances, appoint a Paying Agent in another jurisdiction or use reasonable endeavours to arrange for the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Notes and the Trust Deed.

Provided that the Notes are and continue to be "listed on a recognised stock exchange" (within the meaning of section 1005 of the Income Tax Act 2007), as at the date of this Prospectus no withholding or deduction for account of United Kingdom income tax will be required on payments of interest of the Notes. However, there can be no assurance that the law will not change during the life of the Notes

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

Effects of the Volcker Rule on the Issuer

The Issuer is relying on an exclusion or exemption under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7). The Issuer is structured so as not to constitute a "covered fund" for purposes of the regulations adopted to implement Section 619 of the Dodd-Frank Act (such statutory provision together with such implementing regulations, the "**Volcker Rule**"). The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other

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

Scotland Act 2016

On 23 March 2016, the Scotland Act 2016 received Royal Assent and passed into UK law. Amongst other things, the Scotland Act 2016 passes control of income tax to the Scottish Parliament by giving it the power to raise or lower the rate of income tax and thresholds for non-dividend and non-savings income of Scottish residents. Whilst the majority of the provisions are not expected to have an adverse impact on the Scottish economy or on mortgage origination in Scotland, the increased powers to control income tax (which have now been exercised) could mean that certain taxpayers in Scotland will now pay a higher level of tax than borrowers in the same income bracket in England and Wales. The higher and additional rates of tax have both been increased. In addition, the basic rate of tax has now also been split into three tiers (a starter rate, a basic rate and an intermediate rate). This may affect some borrowers' ability to pay amounts when due on the mortgage loans originated in Scotland which, in turn, may adversely affect the ability of the Issuer to make payments on the Notes.

Change of Law

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

8. RISKS RELATING TO THE CHARACTERISTICS OF THE NOTES

Registered Definitive Notes and denominations in integral multiples

The Notes have a denomination consisting of a minimum authorised denomination of £100,000 plus higher integral multiples of £1,000. Accordingly, it is possible that the Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if Registered Definitive Notes are required to be issued, a Noteholder who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive a Registered Definitive Note in respect of such holding and may need to purchase a principal amount of Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount).

If Registered Definitive Notes are issued, Noteholders should be aware that Registered Definitive Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be particularly illiquid and difficult to trade.

Eligibility of the Notes for central bank schemes is subject to the applicable collateral framework criteria and could have an impact on the liquidity of the Notes in general

Whilst central bank schemes (such as the Bank of England's ("BoE") Discount Window Facility, the Indexed Long-Term Repo Facility and other schemes under its Sterling Monetary Framework, and the Eurosystem monetary policy framework for the European Central Bank), including emergency liquidity operations introduced by central banks in response to a financial crisis or a wide-spread health crisis (such as the COVID-19 pandemic), provide an important source of liquidity in respect of eligible securities, relevant eligibility criteria for eligible collateral apply (and will apply in the future) under such schemes and liquidity operations. The investors should make their own conclusions and seek their own advice with respect to whether or not the Notes constitute eligible collateral for the purposes of any of the central bank liquidity schemes. No assurance is given that any Notes will be eligible for any specific central bank liquidity schemes.

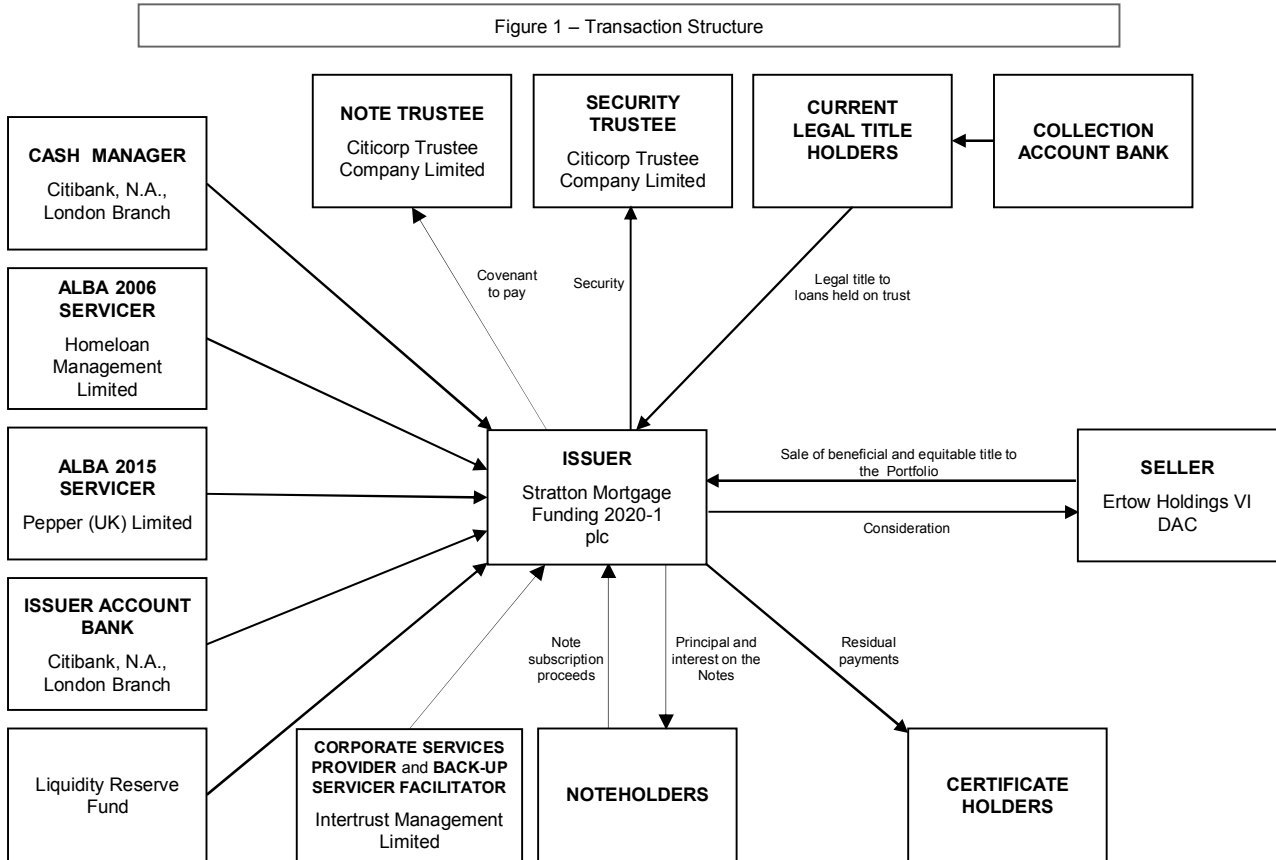
Prospective investors should note that the outcome of the UK and the EU negotiations in the Brexit process, including whether or not the UK will seek an extension to the transition period (for further details please refer to the risk factor entitled "*The relationship between the United Kingdom with the European Union may affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or liquidity of the Notes in the secondary market*") will have implications for the Notes meeting the applicable eligible collateral criteria under the Eurosystem monetary policy framework of the European Central Bank.

If the Notes cannot meet the central bank eligibility, it may impact on the liquidity of the Notes and could have an adverse effect on their value.

The Issuer believes that the risks described above are the principal risks inherent in the transaction for the Noteholders, but the inability of the Borrowers to pay interest, principal or other amounts on the Loans and consequently the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuers does not represent that the statements above regarding the risks of holding the Notes are exhaustive. Although the Issuer believes that the various structural elements described in the Prospectus lessen some of the risks for the Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to the Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all.

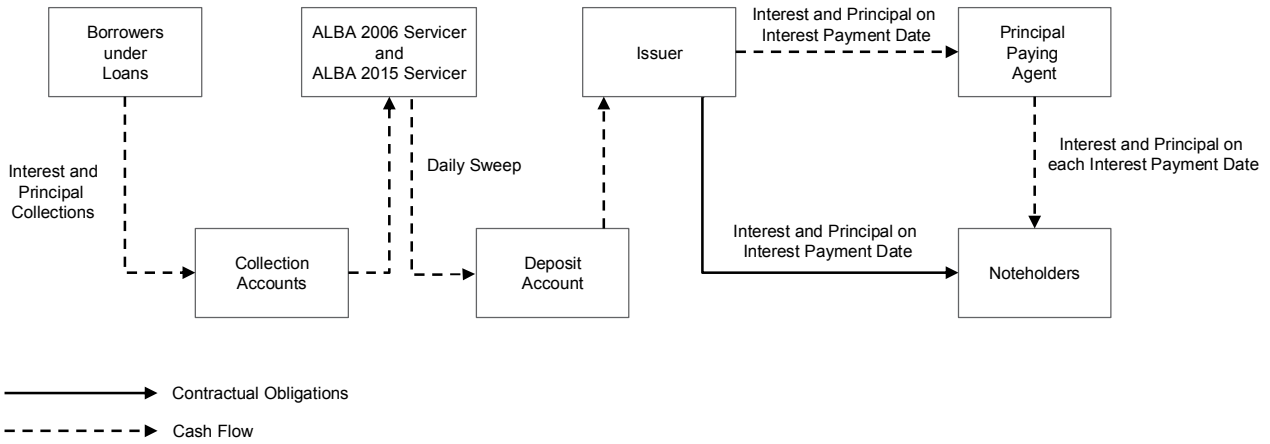
STRUCTURE DIAGRAMS

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION



DIAGRAMMATIC OVERVIEW OF ONGOING CASH FLOWS

Figure 2 – Cashflow Structure



The Issuer will purchase the Portfolio on the Closing Date.

Collection Accounts are held with the ALBA 2015 Legal Title Holder or the ALBA 2006 Legal Title Holder, as applicable.

OWNERSHIP STRUCTURE DIAGRAM OF THE ISSUER

Figure 3 – Ownership Structure

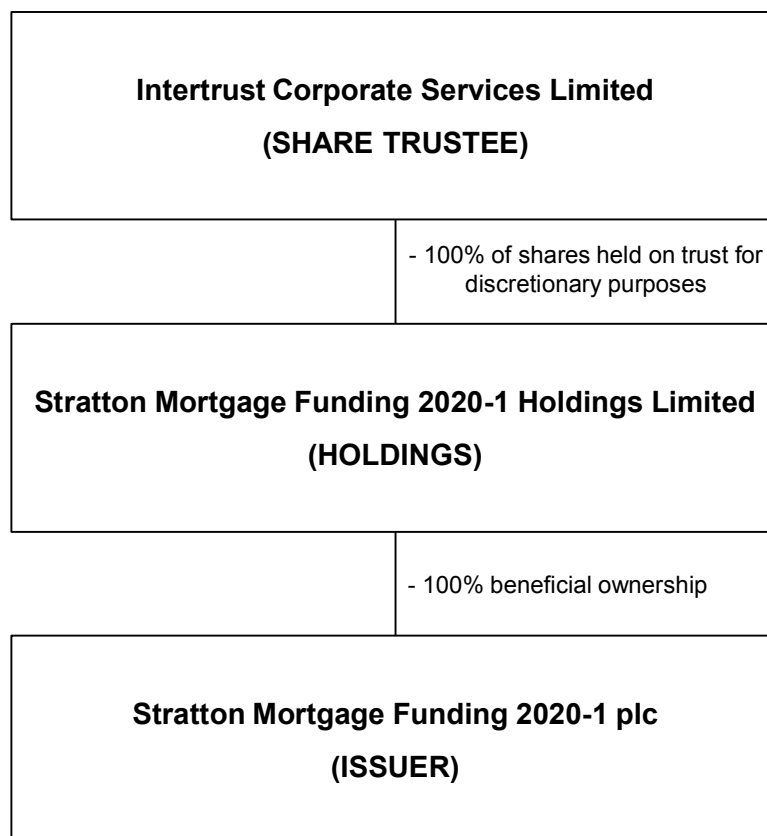


Figure 3 illustrates the ownership structure of the special purpose companies that are parties to the Transaction Documents, as follows:

- The Issuer is a wholly owned subsidiary of Holdings in respect of its beneficial ownership.
- The entire issued share capital of Holdings is held on trust by the Share Trustee under the terms of a trust the benefit of which is expressed to be for discretionary purposes.
- None of the Issuer, Holdings or the Share Trustee is either owned, controlled, managed, directed or instructed, whether directly or indirectly, by the Seller or any member of the group of companies containing the Seller.

TRANSACTION OVERVIEW – TRANSACTION PARTIES

The information set out below is an overview of the transaction parties. This overview is not purported to be complete and should be read in conjunction with, and is qualified in its entirety by, references to the detailed information presented elsewhere in this Prospectus.

You should read the entire Prospectus carefully, especially the risks of investing in the Notes discussed under "Risk Factors".

Capitalised terms used, but not defined, in certain sections of this Prospectus, including this overview, may be found in other sections of this Prospectus, unless otherwise stated. An index of defined terms is set out at the end of this Prospectus.

Details of the Originators have (for ease of reference) been set out in this Section. However, the Originators are not Transaction Parties.

| Party | Name | Address | Document under which appointed/Further Information |
|----------------------|--|---|--|
| "Issuer" | Stratton Mortgage Funding 2020-1 plc | 1 Bartholomew Lane, London EC2N 2AX | See the section entitled "The Issuer" for further information. |
| "Holdings" | Stratton Mortgage Funding 2020-1 Holdings Limited | 1 Bartholomew Lane, London EC2N 2AX | See the section entitled "Holdings" for further information. |
| "Seller" | Ertow Holdings VI Designated Activity Company | 5th Floor, The Exchange, George's Dock, IFSC, Dublin 1, D01 W3P9, Ireland | See the sections entitled "Summary of the Key Transaction Documents – Mortgage Sale Agreement" and "The Seller" for further information. |
| "Retention Holder" | Burlington Loan Management Designated Activity Company | 5th Floor, The Exchange, George's Dock, IFSC, Dublin 1, D01 W3P9, Ireland | See the section entitled "The Retention Holder" for more information. |
| "ALBA 2006 Servicer" | Homeloan Management Limited | The Pavilions, Bridgwater Road, Bristol BS13 8AE | ALBA 2006 Servicing Agreement between, amongst others, the Issuer, the Security Trustee and ALBA 2006 Legal Title Holder. See the section entitled "Summary of the Key Transaction Documents – ALBA 2006 Servicing Agreement" and "The |

| Party | Name | Address | Document under which appointed/Further Information |
|--------------------------------|--|--|--|
| "ALBA 2015 Servicer" | Pepper (UK) Limited | Harman House, 1 George Street, Uxbridge, Middlesex, England, UB8 1QQ | ALBA 2015 Servicing Agreement between, amongst others, the Issuer, the Security Trustee, the ALBA 2015 Legal Title Holder and the ALBA 2015 Servicer. See the section entitled " <i>Summary of the Key Transaction Documents – ALBA 2015 Servicing Agreement</i> ". |
| "ALBA 2006 Legal Title Holder" | Oakwood Homeloans Limited | The Watermill, Broughton, Skipton, North Yorkshire, BD23 3AG | The Deed of Assignment of Legal Title. See the section entitled " <i>Summary of the Key Transaction Documents – Deed of Assignment of Legal Title</i> " and " <i>The ALBA 2006 Legal Title Holder</i> " for further information. |
| "ALBA 2015 Legal Title Holder" | Pepper (UK) Limited | Harman House, 1 George Street, Uxbridge, Middlesex, England, UB8 1QQ | The ALBA 2015 Servicing Agreement. See the section entitled " <i>Summary of the Key Transaction Documents – ALBA 2015 Servicing Agreement</i> " and " <i>The ALBA 2015 Servicer and the ALBA 2015 Legal Title Holder</i> " for further information. |
| "Back-Up Facilitator" | Servicer Intertrust Management Limited | 1 Bartholomew Lane, London EC2N 2AX | The ALBA 2006 Servicing Agreement and the ALBA 2015 Servicing Agreement. See the sections entitled " <i>Summary of the Key Transaction Documents – ALBA 2006 Servicing Agreement</i> " and " <i>Summary of the Key Transaction Documents – ALBA 2015 Servicing</i> " |

| Party | Name | Address | Document under which appointed/Further Information <i>Agreement"</i> for further information. |
|--|----------------------------------|--|---|
| "Cash Manager" | Citibank, N.A., London Branch | Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. | Cash Management Agreement between, <i>inter alios</i> , the Issuer. See the sections entitled " <i>Summary of the Key Transaction Documents – Cash Management Agreement</i> " and " <i>The Cash Manager, Issuer Account Bank, Paying Agent and Agent Bank</i> " for further information. |
| "Issuer Account Bank" | Citibank, N.A., London Branch | Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. | The Bank Account Agreement between, amongst others, the Issuer, the Issuer Account Bank and the Security Trustee. See the sections entitled " <i>Summary of the Key Transaction Documents – The Bank Account Agreement</i> " and " <i>The Cash Manager, Issuer Account Bank, Paying Agent and Agent Bank</i> " for further information. |
| "ALBA 2006 Collection Account Bank" | Barclays Bank PLC | One Churchill Place, London E14 5HP | The ALBA 2006 Collection Account Agreement. See the section titled " <i>The Collection Account Bank</i> " for further information. |
| "ALBA 2015 Collection Account Bank" | Barclays Bank PLC | One Churchill Place, London E14 5HP | The ALBA 2015 Collection Account Agreement. See the section titled " <i>The Collection Account Bank</i> " for further information. |
| "Security Trustee" | Citicorp Trustee Company Limited | Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. | Deed of Charge. See the sections entitled " <i>Terms and Conditions of the Notes</i> " and " <i>The Note</i> " |

| Party | Name | Address | Document under which appointed/Further Information |
|-------------------------------|---|--|---|
| "Note Trustee" | Citicorp Trustee Company Limited | Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. | Trustee and Security Trustee" for further information. Trust Deed. See the sections entitled " <i>Terms and Conditions of the Notes</i> " and " <i>The Note Trustee and Security Trustee</i> " for further information. |
| "Principal Agent" and "Bank" | Paying "Agent Citibank, N.A., London Branch | Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. | Agency Agreement between, amongst others, the Issuer. See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information. |
| "Registrar" | Citibank, N.A., London Branch | Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. | In respect of the Notes and Residual Certificates, the Agency Agreement, by the Issuer. See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information. |
| "Corporate Services Provider" | Intertrust Management Services Limited | 1 Bartholomew Lane, London EC2N 2AX London, EC3A 6AP | Corporate Services Agreement by the Issuer and Holdings. See the section entitled " <i>The Corporate Services Provider</i> " for further information. |
| "Share Trustee" | Intertrust Corporate Services Limited | 1 Bartholomew Lane, London EC2N 2AX London EC3A 6AP | Share Trust Deed by the Share Trustee. |
| "Arranger" | Merrill Lynch International | 2 King Edward Street London EC1A 1HQ | Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information. |
| "Lead Manager" | Merrill Lynch International | 2 King Edward Street London EC1A 1HQ | Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information. |

TRANSACTION OVERVIEW – PORTFOLIO AND SERVICING

Please refer to the sections entitled "Summary of the Key Transaction Documents – Mortgage Sale Agreement", "Summary of the Key Transaction Documents – ALBA 2006 Servicing Agreement", "Summary of the Key Transaction Documents – ALBA 2015 Servicing Agreement" "Characteristics of the Provisional Portfolio" and "The Loans" for further detail in respect of the characteristics of the Portfolio and the sale and the servicing arrangements in respect of the Portfolio.

Sale of Portfolio: The Portfolio will consist of the Loans and their Related Security which will be sold by the Seller to the Issuer on the Closing Date pursuant to the Mortgage Sale Agreement.

The Loans and their Related Security are governed by English law, Scots law or Northern Irish law (as applicable)

The Loans have been originated by the Originators and the equitable and beneficial and/or contractual title and interest to the Loans and their Related Security has (prior to the sale thereof to the Issuer pursuant to the terms of the Mortgage Sale Agreement), been acquired by the Seller from ALBA 2006 plc and ALBA 2015-1 plc under the Seller Mortgage Sale Agreements. The Loans in the Portfolio have previously been securitised – the ALBA 2006 Loans were securitised by ALBA 2006-1 plc and the ALBA 2015 Loans were securitised by ALBA 2015-1 plc.

On the Closing Date, the ALBA 2015 Legal Title Holder will hold legal title to the ALBA 2015 Loans on trust for the Issuer and the ALBA 2006 Legal Title Holder will hold legal title to the ALBA 2006 Loans on trust for the Issuer (including in the case of the ALBA 2015 Loans, pursuant to the Scottish Declaration of Trust).

The sale of the beneficial interest in each Scottish Loan and its Related Security in the Portfolio by the Seller to the Issuer will be given effect by the Scottish Declaration of Trust granted by the ALBA 2015 Legal Title Holder in favour of the Issuer at the direction and request of the Seller on the Closing Date following the release of such Scottish Loans and their Related Security from any existing Scottish trusts, which release is given effect under the terms of and pursuant to a deed of cancellation, release and termination entered into by, among others, ALBA 2015-1 plc.

The terms "**sale**", "**sell**" and "**sold**" when used in this Prospectus in connection with the Loans and their Related Security shall be construed to mean each such creation of an equitable interest and such equitable assignment and the beneficial interest created under and pursuant to the Scottish Declaration of Trust, as applicable. The terms "**repurchase**" and "**repurchased**" when used in this Prospectus in connection with a Loan and its Related Security shall be construed to include (A) the repurchase of the beneficial interest of the Issuer in respect of such Loan and its Related Security (to the extent that it is an English Loan or a Northern Irish Loan) and the repurchase of the beneficial interest in respect of such Loan and its Related Security (to the extent that it is a Scottish Loan) under the Scottish Declaration of Trust and the release of such Loan and its Related Security from the Scottish Declaration of Trust and (B) the purchase by the Seller of such Loan and its Related Security from the Issuer pursuant to the terms of the Mortgage Sale Agreement.

Prior to the occurrence of a Perfection Event as set out below, notice of the sale to the Issuer of the Loans and their Related Security comprising the Portfolio will not be given to the Borrowers by or on behalf of the Issuer and the Issuer will not apply

to the Land Registry of England, Land Registers of Northern Ireland or the Registers of Scotland to register or record its equitable or beneficial interest in the English Mortgages and the Northern Irish Mortgages or take any steps to complete or perfect its title to the Scottish Mortgages. Prior to the occurrence of a Perfection Event, the legal title to each Loan and its Related Security in the Portfolio will be held by the ALBA 2006 Legal Title Holder or the ALBA 2015 Legal Title Holder (as applicable) (the "**Legal Title Holders**") on bare trust for the Issuer (including, in respect of a Scottish Loan and related Scottish Mortgage, under and pursuant to the Scottish Declaration of Trust). Following a Perfection Event and notice of the transfer of the Loans and their Related Security to the Issuer being sent to the relevant Borrowers, legal title to the Loans and their Related Security (subject to appropriate registration or recording at the Land Registry of England, Land Registers of Northern Ireland or the Registers of Scotland (as appropriate)) will pass to the Issuer.

Features of the Loans: Except as otherwise indicated, the following is a summary of certain features of the Loans comprising the Provisional Portfolio determined by reference to the features of each loan in the Provisional Portfolio as at the Portfolio Reference Date and investors should refer to, and carefully consider, further details in respect of the Loans set out in the sections of this Prospectus entitled "*The Loans*" and "*Characteristics* of the Provisional Portfolio". The Loans comprise loans to non-conforming Borrowers and are secured by first priority charges or (in Scotland) first ranking standard securities over freehold, heritable and leasehold properties in England, Wales, Northern Ireland or Scotland.

| | |
|--|--|
| Type of Borrower | Non-conforming and buy-to-let |
| Type of mortgage | Repayment, interest-only, part and part |
| Self-Certified Loans | 23.61 per cent. by aggregate Current Balance, with no data held on 30.6 per cent. by aggregate Current Balance |
| Buy-To-Let | 28.74 per cent. by aggregate Current Balance |
| Number of loans in the Provisional Portfolio | 2,087 (not including Shortfall Accounts) |

| | |
|-----------------|-----------------|
| Current Balance | £250,469,244.57 |
|-----------------|-----------------|

Weighted Average

| | |
|------------------------|--------|
| Current LTV | 82.06% |
| Seasoning (years) | 13.69 |
| Remaining Term (years) | 9.45 |
| Indexed Current LTV | 62.66% |

- Consideration:** The consideration from the Issuer to the Seller in respect of the sale of the Portfolio shall be: (a) the initial consideration in an amount equal to £242,069,795.00, which is due and payable on the Closing Date (the "**Initial Consideration**") and (b) deferred consideration consisting of the Residual Payments in respect of the Portfolio payable pursuant to the applicable Priority of Payments, the right to such Residual Payments being represented by Residual Certificates to be issued by the Issuer and delivered to the Seller on the Closing Date.
- Certificateholders:** Any Residual Payment will be paid to the Certificateholder in accordance with the Pre-Enforcement Revenue Priority of Payments or, if applicable, the Post-Enforcement Priority of Payments.
- Representations and Warranties:** The Seller will make certain Loan Warranties regarding the Loans and Related Security to the Issuer in relation to the Loans and their Related Security comprised in the Portfolio, on the Closing Date, which include, amongst others, the following:
- (a) each Loan and its Related Security constitute a legal, valid and binding obligation of the relevant Borrower enforceable in accordance with its terms (except that (1) enforceability may be limited by the bankruptcy or insolvency of the Borrower or by the application of the UTCCR, the CPUTRs or the FSMA and (2) no warranty is given in relation to any obligation of the Borrower to pay prepayment charges, mortgage administration exit fees or charges payable in the event of Borrower default) and each Related Security secures the repayment of all advances, interest, costs and expenses payable by the Borrower (other than in relation to any payment charges);
 - (b) to the extent that any Loan and its Related Security is subject to the UTCCR and as far as the Seller is aware, no action whether formal or informal has been taken by the CMA, the FCA or a "qualifying body" as defined in the UTCCR, against the Seller, the Originators or the Legal Title Holders pursuant to the UTCCR or otherwise which might restrict or prevent the use in any Loan or their Related Security of any material term or the enforcement of such terms;
 - (c) immediately prior to the transfer of the Loans under the Mortgage Sale Agreement, the Seller was the absolute beneficial owner of all of such Loans and the Related Security to be sold to the Issuer thereunder at the Closing Date or (in relation to the Scottish Loans) had the right (as contractual owner of such Loans) to become the beneficial owner of such Loans as at the Closing Date, and the Seller has not assigned (whether by way of absolute assignment or by way of security only), transferred, charged released, disposed of, held in trust or otherwise dealt with the benefit of any of the Loans or their Related Security or any of the property, rights, title, interest or benefit to be sold or assigned pursuant to the Mortgage Sale Agreement in any way whatsoever other than pursuant to the Mortgage Sale Agreement;
 - (d) each Loan is secured by a valid and subsisting first legal mortgage (or, in Scotland, first ranking standard security) over the Property to which it relates (subject to completion of any registration or recording requirements at the Land Registry or the Registers of Scotland or the Land Registry of Northern Ireland and/or the Registry of Deeds (as applicable) and (in those cases) there is nothing to prevent that registration or recording being

effected), other than the one ALBA 2015 Loan and its Related Security which is secured by a valid and subsisting economically first ranking mortgage over the Property to which that ALBA 2015 Loan and its Related Security relate;

- (e) no lien or right of set-off or counterclaim has been created or arisen between the Borrower and the relevant Legal Title Holder which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Loan;
- (f) all things necessary to perfect the vesting of the legal title to each Loan and to Related Security in the relevant Legal Title Holder have been duly done or are in the process of being done;
- (g) the Legal Title Holders hold or will hold, upon completion of any pending applications for registration or recording of the relevant Legal Title Holder as legal title holder of any Mortgages at the Land Registry or heritable creditor at the Registers of Scotland or as legal title holder of any Mortgages at the Land Registry of Northern Ireland and/or the Registry of Deeds (as applicable), legal title to all Loans and related Mortgages and the Related Security;
- (h) each Property is a residential property located in England, Wales, Northern Ireland or Scotland;
- (i) each Loan and its Related Security (in respect of the ALBA 2006 Loans and the ALBA 2015 Loans) or, as applicable, any Further Advance (in respect of the ALBA 2006 Loans only), was made on the same terms as are set out in the Standard Documentation without any material variation thereto, or where there were any changes, such changes would have been acceptable to a Reasonable, Prudent Residential Mortgage Lender. In relation to the ALBA 2006 Loans only, the relevant product specifications have been included within the terms of each Loan and each Further Advance and there are no product specifications applicable to the Portfolio other than the product specifications. Where special conditions have been used, they are either the special conditions appropriate for the product specification or are not related to a particular product specification but are such as would be required for a Reasonable, Prudent Residential Mortgage Lender in the circumstances of the particular Loan and the particular Further Advance;
- (j) as far as the Seller is aware, prior to making a Loan, reasonable steps were taken to verify that the requirements of the Lending Criteria were met in all cases, subject only to exceptions made on a case-by-case basis and in accordance with the relevant Originator's internal policies;
- (k) as of the Portfolio Reference Date, not more than 10.87 per cent. of the Portfolio by Current Balance comprises Loans which have an arrears balance which is greater than or equal to the value of the monthly instalment payable immediately before the Portfolio Reference Date;
- (l) at the time of origination of the relevant Loan, a valuation of the relevant Property was undertaken that would be acceptable to a Reasonable, Prudent Residential Mortgage Lender, as at the date of such origination and taking

into account the standards then applicable at such time, provided that no breach of this warranty will occur in respect of the seven ALBA 2015 Loans and their Related Security that are disclosed as being in breach of this warranty in the Mortgage Sale Agreement;

- (m) neither the Seller nor the Legal Title Holders have, in writing, waived or acquiesced in any breach of any of their rights in respect of a Loan or its Related Security, other than in relation to any payment default in respect of those Loans;
- (n) so far as the Seller is aware, having made all appropriate investigations with the relevant Servicer, no Borrower is or has, since the date of origination of the relevant Loan, been in material breach of any obligation owed in relation to that Loan and/or its Related Security (other than in relation to any payment default in respect of those Loans);
- (o) each Borrower is a natural legal person and, so far as the Seller is aware, (i) was aged 18 years or older at the date that he or she executed the relevant Loan and its Related Security, (ii) every person who had attained the age of 18 and who had been notified to the relevant Originator as being in or about to be in actual occupation of the relevant Property, is either named as a Borrower or has signed a deed of consent so as to ensure that the relevant Property is not subject to any right of occupancy and (iii) in relation to each Scottish Mortgage, all necessary MHA/CP Documentation has been obtained so as to ensure that the relevant Property and relevant Scottish Mortgage is not subject to any right of occupancy;
- (p) each Loan was originated in, is denominated in, and all amounts in respect of such Loan are payable in, Sterling and may not be changed by the relevant Borrower to any other currency;
- (q) since the making of each Loan, such accounts, books and records as are necessary to show all material transactions, payments, receipts and proceeds relating to that Loan and its Mortgage and Related Security have been kept and all such accounts, books and records are in the possession of the relevant Legal Title Holder;
- (r) the amount of each Loan has been fully advanced to the Borrower and (other than in respect of the ALBA 2006 Loans) the Mortgage Documents contain no obligation on the part of the Seller or the relevant Legal Title Holder to make any Further Advance or a Port;
- (s) in relation to each Related Security in respect of the ALBA 2015 Loans only, over a Property in England and Wales, the Borrower has a good and marketable title to the relevant Property, in relation to each Scottish Loan, the Borrower has a valid and marketable title to the relevant Property and in relation to each Northern Irish Loan, the Borrower has a good and marketable title to the relevant Property, and the relevant Property has been registered or recorded or is in the course of registration with such title as would be acceptable to a Reasonable, Prudent Residential Mortgage Lender;
- (t) all the Loans in respect of Properties located in (i) England and Wales are governed by English law; (ii) Scotland are governed by Scots law and (iii)

Northern Ireland are governed by Northern Irish law;

- (u) except in the case of a Loan which is the subject of a policy of insurance in respect of title (howsoever described) to a relevant Property issued by a provider of such policies, at the date of origination of each Loan, so far as the Seller is aware, the relevant Originator received from its solicitors a certificate of title or report on title to the title to the relevant Property addressed to the relevant Originator. So far as the Seller is aware in respect of the ALBA 2015 Loans, such certificate of title or report on title disclosed nothing which would, if applicable, after further investigation, cause a Reasonable, Prudent Residential Mortgage Lender to decline to proceed with the Loan on the proposed terms provided that no breach of this warranty will occur in respect of the three ALBA 2015 Loans and their Related Security that are disclosed as being in breach of this warranty in the Mortgage Sale Agreement;
- (v) so far as the Seller is aware, as at the date hereof, each individual building policy in full force and effect, valid and enforceable and, so far as the Seller is aware, all premiums have been paid and there is no reason why an insurer may refuse to accept liability under a relevant individual building policy;
- (w) there is no claim outstanding under any title insurance policy relating to a Loan. Each such policy is in full force and effect, all premiums have been paid and, as far as the Seller is aware, there are no circumstances giving the title insurer under any such Title Insurance Policy the right to avoid or terminate such policy in so far as it relates to the Properties or to reduce the amount payable thereunder;
- (x) as far as the Seller is aware, neither the relevant Originator nor any other person who has held title in any Loan has waived or agreed to waive any of its rights against any valuer, solicitor or other professional who has provided information, carried out work or given advice in connection with any Loan and the Related Security
- (y) except for documents which have been submitted with an application for Related Security and such application is still pending, the customer file, the deed constituting the relevant Mortgage and any documents of title of the relevant Property are held by or to the order of the relevant Legal Title Holder;
- (z) in respect of the ALBA 2015 Loans only, no Loan is wholly or partly regulated by the CCA or by the FSMA as a regulated credit agreement under article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) or treated as such, or, to the extent that it is so regulated or partly regulated or treated as such, the Seller has complied with all of the relevant legal requirements of, and procedures set out in, the CCA or the FSMA and all secondary legislation made pursuant thereto and the FCA handbook, as applicable. In relation to any Loan which is a regulated mortgage loan within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, so far as the Seller is aware, all requirements of MCOB have been complied with in all material respects in connection with the origination, documentation and administration of such Loan (as applicable);

- (aa) in relation to any leasehold or long leasehold property, in any case where the relevant Legal Title Holder or any other person who has held title in any Loan has received written notice from the relevant landlord that it is or may be taking steps or forfeit or (in respect of long leasehold property in Scotland) irritate the lease of that Property, the relevant Legal Title Holder or any other person who has held title in any Loan has taken such steps (if any) and in such time as would be taken by a Reasonable, Prudent Residential Mortgage Lender to protect its security and Loan;
- (bb) so far as the Seller is aware having made reasonable enquiries of the Servicers, neither the Legal Title Holders, the Seller nor any other person who has held title in any Loan have received written notice of any litigation or claim calling into question in any material way the legal and/or beneficial title to any Loan or the Related Security of the relevant Legal Title Holder or its ability to fully and effectively enforce the same;
- (cc) so far as the Seller is aware, it being acknowledged that the Seller is not under a duty to make any enquiry or investigation in order to satisfy itself of the same, no fraud, misrepresentation or concealment has been perpetrated in respect of any Loan by:
 - (i) any person who prepared a valuation of a Property; or
 - (ii) any solicitors who acted for the Seller in relation to any Loan; or
 - (iii) any insurance broker or agent in relation to any insurance contract relating to a Loan; or
 - (iv) any Borrower of any Loan; or
 - (v) any other party within the knowledge of the Seller,

which would result in any monies owed by any of the Borrowers not being unlikely to be repaid in full under the terms of any of the Loans;
- (dd) other than the Seller selling a Loan, the only third party having an interest in such Loan, the Related Security and other rights granted to or held for the Seller and being the subject of the Mortgage Sale Agreement is the relevant Legal Title Holder in its capacity as bare trustee of the legal title to the Loans and Related Security (including, in respect of the Scottish Loans, pursuant to the Scottish Declaration of Trust);
- (ee) the information relating to the Loans as set out in the annexure to the Mortgage Sale Agreement is true and accurate in all material respects;
- (ff) the Loans (i) constitute financial assets for purposes of UK generally accepted accounting practice and (ii) are not shares;
- (gg) in the case of each Loan which is secured over leasehold property which is not the subject of a title insurance policy, so far as the Seller is aware:
 - (i) any requisite consent of the landlord to, or notice to the landlord of, the creation of the Mortgage has been obtained or given (as applicable); and

- (ii) a copy of the relevant consent or notice has been placed with the title deeds;
- (hh) all Loans and Related Security are freely assignable and no formal approvals, consents or other steps are necessary to permit a legal or an equitable or beneficial transfer of or the creation of a trust over the Loans and Related Security, no notification to any Borrower is required to effect any equitable or beneficial transfer of the Loans and Related Security are not subject to any contractual confidentiality restrictions which may restrict the ability of the Issuer to acquire or dispose of the same or exercise its rights or discharge its obligations under the Transaction Documents;
- (ii) no Loan, Related Security or any ancillary rights in respect of a Loan is "stock" or a "marketable security" within the meaning of section 125 of the Finance Act 2003 or a "chargeable security" (as such is defined for the purposes of section 99 of the Finance Act 1986) or a "chargeable interest" (as such term is defined for the purposes of section 48 of the Finance Act 2003);
- (jj) as far as the Seller is aware, no steps have been taken to enforce the Loan or Related Security;
- (kk) no Borrower is an employee of the Seller; and
- (ll) no Loan has a final maturity beyond the date falling two years prior to the Final Payment Date of the Notes.

See the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties*" for further details.

Repurchase of the Loans and Related Security:

The Seller is liable for the repurchase of the relevant Loans and their Related Security upon a material breach of Loan Warranties (which the Seller fails to remedy within the agreed grace period) or make an indemnity payment in lieu of such repurchase in accordance with the terms of the Mortgage Sale Agreement. The Seller shall have no liability for a material breach of a Loan Warranty other than the obligation to repurchase (or make an indemnity payment in lieu of repurchase) in accordance with the terms of the Mortgage Sale Agreement and, assuming the Issuer was entitled to claim for damages as a direct consequence of a breach of the Loan Warranty, no claim by the Issuer for breach of a Loan Warranty under the Mortgage Sale Agreement may be made unless:

- (i) in relation to each Loan the amount of such loss suffered by the Issuer would be more than £5,000; and
- (ii) (in relation to the first claim) the loss suffered by the Issuer for all breaches of warranty in relation to all the Loans in the Portfolio would exceed £500,000 in aggregate PROVIDED that once such aggregate threshold has been reached, a claim for breach of a Loan Warranty may be made in relation to each Loan where the loss exceeds the threshold referred to in paragraph (i) above, and in which case the Seller shall be liable for the total loss (being, for the avoidance of doubt, £500,000 plus any amount in excess thereof).

If and to the extent that any determination shall be made by any court or other

competent authority or any ombudsman or regulator that:

- (a) any term which relates to the recovery of interest under the Standard Documentation applicable to a Loan and its Related Security is unfair;
- (b) the Standard Variable Rate or any other discretionary interest rate or margin payable under any Loan (subject to any applicable caps, discounts and fixed rates) may not be set by the relevant Legal Title Holder, any successors or assigns of the relevant Legal Title Holder, any person holding legal title as bare trustee for the Issuer or those deriving title from the Issuer or such holder of legal title; or
- (c) there has been any breach of or non-observance or non-compliance with any obligation, undertaking, covenant or condition on the part of the Seller, the Originators or the relevant Legal Title Holder relating to the interest payable by or applicable to a Borrower under any Loan,

and such determination results in the relevant Loan (or any terms thereof relating to the obligations of the relevant Borrower to make payment of principal or interest in respect of the relevant Loan or the security granted in respect of the relevant Loan) being unenforceable, non-binding upon the relevant Borrower or has a material adverse effect on the enforceability of such Loan or its Related Security, then, as soon as reasonably practicable after the receipt by the Issuer of a notification that a determination has been made under paragraph (a) or (b) or (c) above, the Issuer will serve upon the Seller notice requiring the Seller to repurchase the relevant Loan and its Related Security in accordance with the terms of the Mortgage Sale Agreement.

The Seller shall have no obligation to repurchase any Loans in breach of any Loan Warranty or in respect of which legal proceedings have been determined in accordance with the immediately preceding paragraph, or make any payment in lieu of such repurchase unless the Issuer has given the Seller notice of the event giving rise to the obligation to repurchase before the Optional Redemption Date.

Consideration for repurchase: Where the Seller is required to repurchase an affected Loan and its Related Security, the consideration payable by the Seller shall be equal to the Outstanding Principal Balance of such Loan on the relevant date of any such repurchase, plus the Issuer's costs and expenses (if any) associated with the transfer of such Loan and its Related Security to the Seller. See the section entitled "*Summary of the Key Transaction Documents – Repurchase by the Seller – Repurchase price*" for further information.

Payment in lieu of repurchase: The Seller may in lieu of the repurchase, at the option of the Seller, elect to make an indemnity payment to the Issuer in respect of the affected Loan. If the Seller makes such an election, instead of effecting a repurchase of the relevant Loan, it shall indemnify on an after-tax basis and keep indemnified the Issuer against all Liabilities relating to the breach of Loan Warranty, provided that any Liabilities of the Issuer in relation to any Loan shall not exceed the amount that would have been payable by the Seller if it had repurchased the Loan and its Related Security.

Perfection Events and transfer of legal title to the Issuer: Prior to the completion of the transfer of legal title of the Loans and their Related Security to the Issuer (which will only take place on the occurrence of certain Perfection Events), legal title of the Loans and their Related Security will remain with the relevant Legal Title Holders and the Issuer will hold only the equitable title or, in relation to any Scottish Loans and their Related Security, the beneficial interest in those Loans and their Related Security pursuant to the Scottish Declaration of Trust and will therefore be subject to certain risks as set out in the

risk factor entitled "*Legal Title Holders to retain legal title to the Loans and risks relating to set-off*" in the section entitled "*Risk Factors*".

Pursuant to the ALBA 2015 Servicing Agreement and the Deed of Assignment of Legal Title, prior to the completion of the transfer of legal title of the Loans and their Related Security to the Issuer, the relevant Legal Title Holder will hold the legal title to the Loans and their Related Security in the Portfolio (but excluding any Loan and its Related Security which has been repurchased by the Seller) on bare trust for the Issuer (including, in respect of the Scottish Loans, pursuant to the Scottish Declaration of Trust).

See "*Perfection Events*" in the section entitled "*Transaction Overview – Triggers Tables – Non-Rating Triggers Table*".

Servicing of the Portfolio: Each of the ALBA 2015 Servicer and the ALBA 2006 Servicer will, pursuant to the relevant Servicing Agreement, service the Loans to be sold to the Issuer and their Related Security on behalf of the Issuer and, where applicable, the relevant Legal Title Holders. Following the service of an Enforcement Notice, the relevant Servicer shall act at the direction of the Security Trustee. The appointment of the relevant Servicer may be terminated by the Issuer and/or the Security Trustee if any relevant Servicer Termination Event occurs and is continuing (see "*ALBA 2006 Servicer Termination Events*" and "*ALBA 2015 Servicer Termination Events*" in the "*Transaction Overview – Triggers Tables – Non-Rating Triggers Table*").

Back-Up Servicer Facilitator The Back-Up Servicer Facilitator will agree to promptly, on a default by the Servicer, use its reasonable endeavours to identify (on behalf of the Issuer) a suitable back-up or replacement servicer (as the case may be) to act as back-up servicer or replacement servicer.

Option Holder may exercise the Call Option: Pursuant to the Call Option, the Option Holder may, pursuant to and subject to the terms of the Deed Poll, require the Issuer to:

- (a) sell and transfer to a Beneficial Title Transferee the beneficial title to all (but not some) of the Loans and their Related Security comprising the Portfolio in consideration for the Optional Purchase Price; and
- (b) transfer the legal title to all (but not some) of the Loans and their Related Security comprising the Portfolio, or if, at the time the Call Option is exercised, the Issuer does not hold legal title, the right to require the Issuer to procure that the relevant Legal Title Holder transfers legal title, to a Legal Title Transferee,

on any Business Day falling on or after (i) the Collection Period End Date immediately preceding the Optional Redemption Date, (ii) any Collection Period End Date on which the aggregate Outstanding Principal Balance of the Loans (excluding any Enforced Loans) was equal to or less than 10 per cent. of the aggregate Outstanding Principal Balance of the Loans comprising the Portfolio on the Portfolio Cut-Off Date or (iii) a change in tax law that results in the Issuer being required to make a deduction or withholding for or on account of tax or the occurrence of certain illegality events.

If the Call Option has not been exercised on or prior to the Optional Redemption Date, the Corporate Services Provider shall, on behalf of the Issuer, the ALBA 2006 Legal Title Holder, and the ALBA 2015 Legal Title Holder (in its capacity as trustee under the Scottish Declaration of Trust), use all reasonable endeavours to

appoint a Liquidation Agent who will assist the Issuer in the sale of (i) the beneficial title and (ii) the right to require the Legal Title Holders to transfer the legal title, to all (but not some) of the Loans and their Related Security comprising the Portfolio to the Winning Bidder or its nominee. The Issuer shall redeem all of the Notes on the Interest Payment Date falling on or immediately following the date on which the sale of the Loans and their Related Security comprising the Portfolio to the Winning Bidder occurs.

See the section entitled "*Early Redemption of the Notes pursuant to the Call Option, the Risk Retention Regulatory Change Option, the Refinancing Call Option or Market Sale – Call Option*".

Purchase of Portfolio pursuant to Risk Retention Regulatory Change Option

Pursuant to the Risk Retention Letter, on any Business Day following the occurrence of a Risk Retention Regulatory Change Event (and subject to two directors of the Retention Holder certifying in writing to the Security Trustee that a Risk Retention Regulatory Change Event has occurred, upon which certificate the Security Trustee shall be entitled to rely absolutely without liability to any person for so doing), the Retention Holder has the benefit of the Risk Retention Regulatory Change Option to require the Issuer to:

- (a) sell and transfer to the Retention Holder or its nominee (specified as such in the Risk Retention Regulatory Change Option Exercise Notice) the beneficial title to the Loans and their Related Security comprising the Portfolio;
- (b) transfer to the Retention Holder the right to have legal title to the Loans and their Related Security comprising the Portfolio and their Related Security; and
- (c) direct that the relevant Legal Title Holder transfers legal title to the Loans and their Related Security comprising the Portfolio to the Retention Holder or its nominee (specified as such in the Risk Retention Regulatory Change Option Exercise Notice) in accordance with and subject to the terms of the relevant Servicing Agreement on the Risk Retention Regulatory Change Option Date,

in each case subject to the terms of the Risk Retention Letter.

See the section entitled "*Early Redemption of the Notes pursuant to the Call Option, the Risk Retention Regulatory Change Option, the Refinancing Call Option or Market Sale – Risk Retention Regulatory Change Option*" for further details.

TRANSACTION OVERVIEW – OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES

Please refer to the section entitled "Terms and Conditions of the Notes" for further detail in respect of the terms of the Notes.

FULL CAPITAL STRUCTURE OF THE NOTES

| | Class A Notes | Class B Notes | Class C Notes | Class D Notes | Class E Notes | Class F Notes | Class G Notes | Class X1 Notes | Class X2 Notes | Class Z1 Notes | Class Z2 Notes | Residual Certificates |
|-------------------------------------|--|---|--|--|--|---|---|---|--|--|--|-----------------------|
| Principal Amount: | £189,600,000 | £17,300,000 | £12,400,000 | £9,300,000 | £4,400,000 | £2,500,000 | £3,800,000 | £1,750,000 | £1,250,000 | £8,630,000 | £4,580,000 | N/A |
| Credit enhancement features: | Overcollateralisation funded by the Notes (other than the Class A Notes, the Class X Notes and the Class Z2 Notes), Available Revenue Receipts remaining after payment of interest on Class A Notes and all other amounts ranking in priority thereto; Liquidity Reserve Fund Excess Amounts; on and after the Optional Redemption Date, Available Revenue Receipts to be applied at item (s) in the Pre-Enforcement Revenue Priority of Payments as Available Redemption Receipts; on the Optional Redemption Date, following service of an Enforcement Notice or on the Final Redemption Date, all amounts standing to the credit of the Liquidity Reserve Fund as Available Redemption Receipts | Overcollateralisation funded by the Notes (other than the Class A Notes, the Class B Notes, the Class X Notes and the Class Z2 Notes) and Available Revenue Receipts remaining after payment of interest due in respect of the Class B Notes and all other amounts ranking in priority thereto; Liquidity Reserve Fund Excess Amounts; on and after the Optional Redemption Date, Available Revenue Receipts to be applied at item (s) in the Pre-Enforcement Revenue Priority of Payments as Available Redemption Receipts; on the Optional Redemption Date, following service of an Enforcement Notice or on the Final Redemption Date, all amounts standing to the credit of the Liquidity Reserve Fund as Available Redemption Receipts | Overcollateralisation funded by the Notes (other than the Class A Notes, the Class B Notes, the Class C Notes, the Class X Notes and the Class Z2 Notes) and Available Revenue Receipts remaining after payment of interest due in respect of the Class C Notes and all other amounts ranking in priority thereto; Liquidity Reserve Fund Excess Amounts; on and after the Optional Redemption Date, Available Revenue Receipts to be applied at item (s) in the Pre-Enforcement Revenue Priority of Payments as Available Redemption Receipts; and on the Optional Redemption Date, following service of an Enforcement Notice, or on the Final Redemption Date all amounts standing to the credit of the Liquidity Reserve Fund as Available Redemption Receipts | Overcollateralisation funded by the Notes (other than the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class X Notes and the Class Z2 Notes) and Available Revenue Receipts remaining after payment of interest due in respect of the Class D Notes and all other amounts ranking in priority thereto, Liquidity Reserve Fund Excess Amounts; on and after the Optional Redemption Date, Available Revenue Receipts to be applied at item (s) in the Pre-Enforcement Revenue Priority of Payments as Available Redemption Receipts; and on the Optional Redemption Date all amounts standing to the credit of the Liquidity Reserve Fund as Available Redemption Receipts | Overcollateralisation funded by the Notes (other than the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes and the Class Z2 Notes) and Available Revenue Receipts remaining after payment of interest due in respect of the Class E Notes and all other amounts ranking in priority thereto, Liquidity Reserve Fund Excess Amounts; on and after the Optional Redemption Date, Available Revenue Receipts to be applied at item (s) in the Pre-Enforcement Revenue Priority of Payments as Available Redemption Receipts; and on the Optional Redemption Date, following the service of an Enforcement Notice or on the Final Redemption Date, all amounts standing to the credit of the Liquidity Reserve Fund as Available Redemption Receipts | Overcollateralisation funded by the Notes (other than the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes and the Class Z2 Notes) and Available Revenue Receipts remaining after payment of interest due in respect of the Class F Notes and all other amounts ranking in priority thereto, Liquidity Reserve Fund Excess Amounts; on and after the Optional Redemption Date, Available Revenue Receipts to be applied at item (s) in the Pre-Enforcement Revenue Priority of Payments as Available Redemption Receipts; and on the Optional Redemption Date all amounts standing to the credit of the Liquidity Reserve Fund | Overcollateralisation funded by the Notes (other than the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes and the Class Z2 Notes) and Available Revenue Receipts remaining after payment of interest due in respect of the Class F Notes and all other amounts ranking in priority thereto, Liquidity Reserve Fund Excess Amounts; on and after the Optional Redemption Date, Available Revenue Receipts to be applied at item (s) in the Pre-Enforcement Revenue Priority of Payments as Available Redemption Receipts; and on the Optional Redemption Date all amounts standing to the credit of the Liquidity Reserve Fund | Overcollateralisation funded by the Notes (other than the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes and the Class Z2 Notes) and Available Revenue Receipts remaining after payment of interest due in respect of the Class F Notes and all other amounts ranking in priority thereto, Liquidity Reserve Fund Excess Amounts; on and after the Optional Redemption Date, Available Revenue Receipts to be applied at item (s) in the Pre-Enforcement Revenue Priority of Payments as Available Redemption Receipts; and on the Optional Redemption Date, following the service of an Enforcement Notice or on the Final Redemption Date all amounts standing to the credit of the Liquidity Reserve Fund | The cumulative excess (if any) accumulating from the Closing Date until the Optional Redemption Date of Available Revenue Receipts after providing for items (a) to (u) of the Pre-Enforcement Revenue Priority of Payments; and following the service of an Enforcement Notice, all amounts standing to the credit of the Liquidity Reserve Fund as Available Redemption Receipts | The cumulative excess (if any) accumulating from the Closing Date until the Optional Redemption Date of Available Revenue Receipts after providing for items (a) to (v) of the Pre-Enforcement Revenue Priority of Payments; and following the service of an Enforcement Notice, all amounts standing to the credit of the Liquidity Reserve Fund as Available Redemption Receipts | Liquidity Reserve Fund Excess Amounts; on and after the Optional Redemption Date, Available Revenue Receipts to be applied at item (s) in the Pre-Enforcement Revenue Priority of Payments as Available Redemption Receipts; and on the Class D Note Redemption Date, the Optional Redemption Date, following the delivery of an Enforcement Notice or on the Final Redemption Date, amounts standing to the credit of the Liquidity Reserve Fund as Available Redemption Receipts | N/A |
| Liquidity support features | Subordination in payment of interest of the Class B Notes, the Class C Notes, the Class D Notes, | Subordination in payment of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X | Subordination in payment of the Class D Notes, the Class E Notes, the Class F Notes, the Class X | Subordination in payment of the Class E Notes and Class F Notes, the Class X Notes and the Residual | Subordination in payment of the Class F Notes, the Class X Notes and the Residual | Subordination in payment of the Class X Notes and the Residual Certificates, Available Redemption Receipts | Subordination in payment of the Class X Notes and the Residual Certificates, | Subordination in payment of the Class X2 Notes and the Residual Certificates | Subordination in payment of the Residual Certificates | N/A | N/A | N/A |

| | Class A Notes | Class B Notes | Class C Notes | Class D Notes | Class E Notes | Class F Notes | Class G Notes | Class X1 Notes | Class X2 Notes | Class Z1 Notes | Class Z2 Notes | Residual Certificates |
|--|---|--|---|--|---|---|--|--|--|--|--|--|
| | the Class E Notes, the Class F Notes, the Class X Notes and the Residual Certificates, Available Redemption Receipts applied as Principal Addition Amounts to provide for any Revenue Deficits and the availability of amounts credited to the Liquidity Reserve Fund | Notes, the Class X Notes and the Residual Certificates, Available Redemption Receipts applied as Principal Addition Amounts to conditionally provide for any Revenue Deficits and the conditional availability of amounts credited to the Liquidity Reserve Fund | Notes and the Residual Certificates, Available Redemption Receipts applied as Principal Addition Amounts to conditionally provide for any Revenue Deficits and the conditional availability of amounts credited to the Liquidity Reserve Fund | Certificates, Available Redemption Receipts applied as Principal Addition Amounts to provide for any Revenue Deficits and the conditional availability of amounts credited to the Liquidity Reserve Fund | Certificates, Available Redemption Receipts applied as Principal Addition Amounts to conditionally provide for any Revenue Deficits | applied as Principal Addition Amounts to conditionally provide for any Revenue Deficits | | | | | | |
| Issue Price: | 99.13 | 93.26 | 93.65 | 92.38 | 89.86 | 86.99 | 23.22 | 98.98 | 95.55 | 100.00 | 100.00 | N/A |
| Reference Rate:* | SONIA | SONIA (capped at 8%) | SONIA (capped at 8%) | SONIA (capped at 8%) | SONIA (capped at 8%) | SONIA (capped at 8%) | N/A | SONIA (capped at 8%) | SONIA (capped at 8%) | N/A | N/A | N/A |
| Margin*: | 0.90% per annum | 1.60% per annum | 2.00% per annum | 2.50% per annum | 3.00% per annum | 4.00% per annum | N/A | 4.00% per annum | 4.00% per annum | N/A | N/A | N/A |
| Step-Up Margin (from the Optional Redemption Date): | 1.80% per annum | 2.40% per annum | 3.00% per annum | 3.70% per annum | 4.50% per annum | 6.00% per annum | N/A | N/A | N/A | N/A | N/A | N/A |
| Interest Accrual Method: | Actual/365 (Fixed) | Actual/365 (Fixed) | Actual/365 (Fixed) | Actual/365 (Fixed) | Actual/365 (Fixed) | Actual/365 (Fixed) | N/A | Actual/365 (Fixed) | Actual/365 (Fixed) | N/A | N/A | N/A |
| Interest Payment Dates: | 12th day of March, June, September and December in each year | 12th day of March, June, September and December in each year | 12th day of March, June, September and December in each year | 12th day of March, June, September and December in each year | 12th day of March, June, September and December in each year | 12th day of March, June, September and December in each year | 12th day of March, June, September and December in each year | 12th day of March, June, September and December in each year | 12th day of March, June, September and December in each year | 12th day of March, June, September and December in each year | 12th day of March, June, September and December in each year | 12th day of March, June, September and December in each year |
| First Interest Payment Date: | The Interest Payment Date falling in December 2020 | The Interest Payment Date falling in December 2020 | The Interest Payment Date falling in December 2020 | The Interest Payment Date falling in December 2020 | The Interest Payment Date falling in December 2020 | The Interest Payment Date falling in December 2020 | The Interest Payment Date falling in December 2020 | The Interest Payment Date falling in December 2020 | The Interest Payment Date falling in December 2020 | The Interest Payment Date falling in December 2020 | The Interest Payment Date falling in December 2020 | The Interest Payment Date falling in December 2020 |
| Final Maturity Date: | The Interest Payment Date falling in March 2052 | The Interest Payment Date falling in March 2052 | The Interest Payment Date falling in March 2052 | The Interest Payment Date falling in March 2052 | The Interest Payment Date falling in March 2052 | The Interest Payment Date falling in March 2052 | The Interest Payment Date falling in March 2052 | The Interest Payment Date falling in March 2052 | The Interest Payment Date falling in March 2052 | The Interest Payment Date falling in March 2052 | The Interest Payment Date falling in March 2052 | The Interest Payment Date falling in March 2052 |
| Optional Redemption Date: | The Interest Payment Date falling in June 2024 | The Interest Payment Date falling in June 2024 | The Interest Payment Date falling in June 2024 | The Interest Payment Date falling in June 2024 | The Interest Payment Date falling in June 2024 | The Interest Payment Date falling in June 2024 | The Interest Payment Date falling in June 2024 | The Interest Payment Date falling in June 2024 | The Interest Payment Date falling in June 2024 | The Interest Payment Date falling in June 2024 | The Interest Payment Date falling in June 2024 | The Interest Payment Date falling in June 2024 |
| Application for Exchange Listing: | Euronext Dublin | Euronext Dublin | Euronext Dublin | Euronext Dublin | Euronext Dublin | Euronext Dublin | Euronext Dublin | Euronext Dublin | Euronext Dublin | Euronext Dublin | Euronext Dublin | N/A |
| ISIN: | XS2215921748 | XS2215922043 | XS2215922126 | XS2215922399 | XS2215922472 | XS2215922639 | XS2215922803 | XS2215923108 | XS2215923280 | XS2215922985 | XS2215923447 | XS2215928164 |
| Common Code: | 221592174 | 221592204 | 221592212 | 221592239 | 221592247 | 221592263 | 221592280 | 221592310 | 221592328 | 221592298 | 221592344 | 221592816 |
| CFI: | DAVNFR | DAVXFR | DAVXFR | DAVXFR | DAVXFR | DAVXFR | DAVXFR | DAVXFR | DAVXFR | DAVXFR | DAVXFR | DAVXFR |
| FISN: | STRATTON MORTGA/VARASST BKD 2052031 | STRATTON MORTGA/VARASST BKD 2052031 | STRATTON MORTGA/VARASST BKD 2052031 | STRATTON MORTGA/VARASST BKD 2052031 | STRATTON MORTGA/VARASST BKD 2052031 | STRATTON MORTGA/VARASST BKD 2052031 | STRATTON MORTGA/VARASST BKD 2052031 | STRATTON MORTGA/VARASST BKD 2052031 | STRATTON MORTGA/VARASST BKD 2052031 | STRATTON MORTGA/VARASST BKD 2052031 | STRATTON MORTGA/VARASST BKD 2052031 | STRATTON MORTGA/VARASST BKD 2052031 |
| Ratings (S&P/Fitch): | AAA/AAA | AA/AA- | A/A | BBB+/BBB | BBB-/BB | BB/B | Not rated | Not rated | Not rated | Not rated | Not rated | Not rated |
| Minimum Denomination | £100,000 | £100,000 | £100,000 | £100,000 | £100,000 | £100,000 | £100,000 | £100,000 | £100,000 | £100,000 | £100,000 | N/A |
| Governing law: | English | English | English | English | English | English | English | English | English | English | English | English |

As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the EU and is registered under Regulation (EU) No 1060/2009.

* On and from the Optional Redemption Date, the Class X Notes will not bear interest.

TRANSACTION OVERVIEW – OVERVIEW OF THE CHARACTERISTICS OF THE NOTES AND THE RESIDUAL CERTIFICATES

Ranking and Form of the Notes: On the Closing Date, the Issuer will issue the following classes of Notes under the Trust Deed:

- Class A Mortgage Backed Floating Rate Notes due March 2052 (the "**Class A Notes**");
- Class B Mortgage Backed Capped Rate Notes due March 2052 (the "**Class B Notes**");
- Class C Mortgage Backed Capped Rate Notes due March 2052 (the "**Class C Notes**");
- Class D Mortgage Backed Capped Rate Notes due March 2052 (the "**Class D Notes**");
- Class E Mortgage Backed Capped Rate Notes due March 2052 (the "**Class E Notes**");
- Class F Mortgage Backed Capped Rate Notes due March 2052 (the "**Class F Notes**");
- Class G Mortgage Backed Notes due March 2052 (the "**Class G Notes**");
- Class X1 Mortgage Backed Capped Rate Notes due March 2052 (the "**Class X1 Notes**");
- Class X2 Mortgage Backed Capped Rate Notes due March 2052 (the "**Class X2 Notes**");
- Class Z1 Mortgage Backed Notes due March 2052 (the "**Class Z1 Notes**"); and
- Class Z2 Mortgage Backed Notes due March 2052 (the "**Class Z2 Notes**")

and together, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are the "**Rated Notes**". The Class X1 Notes together with the Class X2 Notes are the "**Class X Notes**". The Class Z1 Notes together with the Class Z2 Notes are the "**Class Z Notes**". The Rated Notes together with the Class G Notes and the Class Z1 Notes are the "**Collateralised Notes**". The Collateralised Notes together with the Class X Notes and the Class Z2 Notes are the "**Notes**" and the holders thereof, the "**Noteholders**".

The Notes will be issued in registered form. Each Class of Notes will be issued pursuant to Regulation S and will be cleared through Euroclear and/or Clearstream, Luxembourg, as set out in "*Description of the Global Notes*".

Residual Certificates: On the Closing Date, the Issuer will also issue to the Seller residual certificates

under the Trust Deed (the "**Residual Certificates**" and the holders thereof, the "**Certificateholders**") representing the right to receive the Residual Payments by way of further consideration in connection with the Issuer's purchase of the Portfolio on the Closing Date.

Sequential Order:

The Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times. The Class A Notes will rank senior to all other Classes of Notes and the Residual Certificates in respect of payments of interest and principal (as provided in the Conditions and the Transaction Documents).

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

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

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

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

The Class F Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (as provided in the Conditions and the Transaction Documents).

The Class G Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (as provided in the Conditions and the Transaction Documents).

The Class X1 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest at all times, but subordinate to (prior to enforcement) all payment of interest due in respect of the Rated Notes and (following enforcement) all payments due in respect of the Rated Notes and the Class G Notes (as provided in the Conditions and the Transaction Documents).

The Class X1 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate (prior to enforcement) to all payment of interest due in respect of the Rated Notes, the Class X1 Notes and the Class X2 Notes and (following enforcement) all

payments due in respect of the Rated Notes and the Class G Notes, and payment of interest on the Class X1 Notes, as provided in the Conditions and the Transaction Documents.

The Class X2 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest at all times, but subordinate to (prior to enforcement) all payment of interest due in respect of the Rated Notes and the Class X1 Notes, and (following enforcement) all payments due in respect of the Rated Notes, the Class G Notes and the Class X1 Notes (as provided in the Conditions and the Transaction Documents).

The Class X2 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate (prior to enforcement) to all payment of interest due in respect of the Rated Notes, payment of principal and interest on the Class X1 Notes and payment of interest due on the Class X2 Notes, and (following enforcement) all payments due in respect of the Rated Notes, the Class G Notes the Class X1 Notes and payment of interest on the Class X2 Notes, as provided in the Conditions and the Transaction Documents.

The Class Z1 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate (prior to enforcement) to all payments due in respect of the Rated Notes and the Class G Notes, and (following enforcement) all payments due in respect of the Rated Notes, the Class G Notes and the Class X Notes, as provided in the Conditions and the Transaction Documents.

The Class Z2 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate (prior to enforcement) to all payments due in respect of the Rated Notes, the Class G Notes, and the Class Z1 Notes and (following enforcement) all payments due in respect of the Rated Notes, the Class G Notes, the Class X Notes and the Class Z1 Notes, as provided in the Conditions and the Transaction Documents.

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

Certain amounts due by the Issuer to its other Secured Creditors (and, prior to the service of an Enforcement Notice only, certain unsecured creditors) will rank in priority to all Classes of the Notes and Residual Certificates.

Security:

Pursuant to a deed of charge made between, among others, the Issuer and the Security Trustee (the "**Deed of Charge**"), the Notes and Residual Certificates will all share the same Security. Certain other amounts, being the amounts owing to the other Secured Creditors, will also be secured by the Security.

Pursuant to the Deed of Charge on the Closing Date, the Notes and Residual Certificates will be secured by, among other things, the following security (the "**Security**"):

- (a) an assignment by way of security of (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, to and under the

Transaction Documents (other than the Trust Deed, the Deed of Charge, the Scottish Trust Security and the Scottish Declaration of Trust) and any sums derived therefrom;

- (b) an assignment by way of security of (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) the Issuer's interest in the English Loans, the Northern Irish Loans and their respective Related Security and other related rights comprised in the Portfolio (other than in respect of Scottish Loans) and any sums derived therefrom;
- (c) an assignment by way of security of (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, to and under Insurance Policies assigned to the Issuer pursuant to the Mortgage Sale Agreement;
- (d) an assignment in security of the Issuer's interest in the Scottish Loans and their Related Security (comprising the Issuer's beneficial interest under the trust declared by the ALBA 2015 Legal Title Holder over such Scottish Loans and their Related Security for the benefit of the Issuer pursuant to the Scottish Declaration of Trust) (the "**Scottish Trust Security**");
- (e) a charge by way of first fixed charge over the Issuer's interest in its bank accounts (including the Deposit Account) maintained with the Issuer Account Bank and any other bank or custodian and any sums or securities standing to the credit thereof;
- (f) an assignment by way of first fixed security (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit under each Collection Account trust (created pursuant to the Collection Account Declaration of Trust); and
- (g) a floating charge over all assets of the Issuer not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security (other than paragraph (d) above), but (for the avoidance of doubt) including over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not such assets are the subject of the charges or Security referred to above).

See "*Summary of the Key Transaction Documents – Deed of Charge*".

Interest Provisions: Please refer to the table entitled "*Full Capital Structure of the Notes*" and as fully set out in Condition 6 (*Interest*).

Deferral: Interest due and payable on the Most Senior Class of Notes may not be deferred. Interest due and payable on the Rated Notes and the Class X Notes (other than interest due in respect of the Most Senior Class of Notes) may be deferred in accordance with Condition 18 (*Subordination by Deferral*) on any Interest Payment Date (other than the Final Maturity Date or any earlier date on which the Notes are to be redeemed in full). For the avoidance of doubt, such deferral shall

not result in the occurrence of a Default.

Gross-up:

None of the Issuer, any Paying Agent nor any other person will be obliged to pay additional amounts to Noteholders if there is any withholding or deduction required by law in respect of the Notes on account of taxes.

Redemption:

The Notes are subject to the following redemption events:

- mandatory redemption in whole on the Interest Payment Date falling in March 2052 (the "**Final Maturity Date**"), as fully set out in Condition 8.1 (*Redemption at Maturity*);
- mandatory redemption in part on any Interest Payment Date commencing on the first Interest Payment Date but prior to the service of an Enforcement Notice subject to availability of Available Redemption Receipts (to the extent not applied to cover any Revenue Deficit) which shall be applied:
 - (a) first, on a *pari passu* and *pro rata* basis to repay the Class A Notes until they are repaid in full;
 - (b) second, on a *pari passu* and *pro rata* basis to repay the Class B Notes until they are repaid in full;
 - (c) third, on a *pari passu* and *pro rata* basis to repay the Class C Notes until they are repaid in full;
 - (d) fourth, on a *pari passu* and *pro rata* basis to repay the Class D Notes until they are repaid in full;
 - (e) fifth, on a *pari passu* and *pro rata* basis to repay the Class E Notes until they are repaid in full;
 - (f) sixth, on a *pari passu* and *pro rata* basis to repay the Class F Notes until they are repaid in full;
 - (g) seventh, on a *pari passu* and *pro rata* basis to repay the Class G Notes until they are repaid in full;
 - (h) eighth, on a *pari passu* and *pro rata* basis to repay the Class Z1 Notes until they are repaid in full; and
 - (i) ninth, on a *pari passu* and *pro rata* basis to repay the Class Z2 Notes until they are repaid in full.
- Mandatory redemption in part of the Class X Notes on any Interest Payment Date prior to the Optional Redemption Date in an amount up to their Principal Amount Outstanding then outstanding, equal to the Available Revenue Receipts available for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments.

Expected Average Lives of the Notes:

The actual average lives of the Notes cannot be stated, as the actual rate of repayment of the Loans and redemption of the Loans and a number of other relevant factors are unknown. However, calculations of the possible average lives

of the Notes can be made based on certain assumptions as described under "*Weighted Average Lives of the Notes*".

Event of Default:

As fully set out in Condition 11 (*Events of Default*) and Residual Certificates Condition 10 (*Events of Default*), which includes, among other events, (where relevant, subject to the applicable grace period):

- subject to the deferral provisions in Condition 18 (*Subordination by Deferral*), non-payment of interest and/or principal in respect of the Most Senior Class of Notes and such non-payment continues for a period of five Business Days in the case of interest and ten Business Days in the case of principal;
- failure to pay any amount due in respect of the Residual Certificates and the default continues for more than five Business Days from the due date for payment (provided that all of the Notes have been redeemed in full);
- breach of any material contractual obligations by the Issuer under the Transaction Documents if such breach is incapable of remedy or, if it is capable of remedy, has not been remedied within the applicable grace period;
- any material representation made by the Issuer is incorrect when given if the matters giving rise to such misrepresentation is incapable of remedy or, if it is capable of remedy, has not been remedied within the applicable grace period; and
- the occurrence of certain insolvency related events in relation to the Issuer.

Following the occurrence of an Event of Default, the Note Trustee may (or if so directed by the Most Senior Class of Notes then outstanding, shall) serve an Enforcement Notice on the Issuer that all Classes of Notes are immediately due and payable provided that the Note Trustee is indemnified and/or prefunded and/or secured to its satisfaction. Following service of an Enforcement Notice to the Issuer, the Security Trustee may enforce the Security.

The Note Trustee at its absolute discretion may, and, provided all of the Notes have been redeemed in full, if so directed in writing by the holders of at least 25 per cent. of the Residual Certificates in number or if so directed by an Extraordinary Resolution of the Certificateholders shall (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed), give an Enforcement Notice to the Issuer that any Residual Payments pursuant to the Residual Certificates are immediately due and payable in any of the events described more fully in Residual Certificates Condition 10 (*Events of Default*).

Limited Recourse and Non-Petition:

The Notes are limited recourse obligations of the Issuer, and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 12.4 (*Limited Recourse*). In accordance with Condition 12.3 (*Limitations on Enforcement*), no Noteholder may proceed directly against the Issuer unless the Note Trustee or the Security Trustee, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

The Certificateholders are only entitled to funds which are available to the Issuer in accordance with the applicable Priority of Payments and therefore the Residual Certificates are limited recourse obligations of the Issuer.

Governing Law:

English law (provided that any terms of the Transaction Documents which are particular to Scots law and Northern Irish law will be construed in accordance with Scots law and Northern Irish Law respectively, and the Scottish Declaration of Trust and the Scottish Trust Security will be governed by Scots law).

**TRANSACTION OVERVIEW – RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS
AND RELATIONSHIP WITH OTHER SECURED CREDITORS**

Please refer to the sections entitled "Terms and Conditions of the Notes", "Terms and Conditions of the Residual Certificates" and "Risk Factors" for further detail in respect of the rights of Noteholders and Certificateholders, conditions for exercising such rights and relationship with other Secured Creditors.

Prior to an Event of Default: Prior to the occurrence of an Event of Default, Noteholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes then outstanding are entitled to convene a Noteholders' meeting and Certificateholders holding not less than 10 per cent. in number of the Residual Certificates then in issue are entitled to convene a Certificateholders' meeting.

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

Following an Event of Default: Following the occurrence of an Event of Default, Noteholders may, if they hold not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (or if no Notes remain outstanding, of the number of Residual Certificates then in issue), or if an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding (or if no Notes remain outstanding, of the number of Residual Certificates then in issue) is passed, direct the Note Trustee to give an Enforcement Notice to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued (but unpaid) interest. The Note Trustee shall not be bound to take any such action unless first indemnified and/or prefunded and/or secured to its satisfaction.

**Noteholders and
Certificateholders Meeting
provisions:**

| | <i>Initial meeting</i> | <i>Adjourned meeting</i> |
|----------------|--|--|
| Notice period: | At least 21 clear days | At least 10 clear days |
| Quorum: | Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding or holding or representing not less than 25 per cent. | Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 10 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding or holding or representing not less |

of the Residual Certificates then in issue, as applicable, for transaction of business including the passing of an Ordinary Resolution. The quorum for passing an Extraordinary Resolution (other than a Basic Terms Modification) shall be one or more persons present and representing in the aggregate not less than 50 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding or holding or representing not less than 50 per cent. of the Residual Certificates then in issue, as applicable. The quorum for passing a Basic Terms Modification shall be one or more persons eligible to attend and vote at such meeting holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of each Class of Notes then outstanding and holding or representing not less than 75 per cent. of the Residual Certificates then in issue, as applicable.

than 10 per cent. of the Residual Certificates then in issue, as applicable, for transaction of business including the passing of an Ordinary Resolution. The quorum for passing an Extraordinary Resolution (other than a Basic Terms Modification) shall be one or more persons present and representing in the aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding or holding or representing not less than 25 per cent. of the Residual Certificates then in issue, as applicable. The quorum for passing a Basic Terms Modification shall be one or more persons eligible to attend and vote at such meeting holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of each Class of Notes then outstanding and holding or representing not less than 75 per cent. of the Residual Certificates then in issue, as applicable.

Required majority for Ordinary Resolution: A clear majority of persons eligible to attend and vote at such meeting and voting at that

meeting upon a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll (an "**Ordinary Resolution**").

Required majority for Extraordinary Resolution: Majority consisting of not less than 75 per cent. of persons eligible to attend and vote at such meeting and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll (an "**Extraordinary Resolution**").

Required majority for a written resolution: Not less than 75 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes then outstanding or not less than 75 per cent. of the amount of Residual Certificates then in issue. A written resolution has the same effect as an Extraordinary Resolution.

Matters requiring Extraordinary Resolution:

The following matters require an Extraordinary Resolution of the Noteholders (and, in the case of a Basic Terms Modification, an Extraordinary Resolution of the Certificateholders), as set out in the Trust Deed:

- to sanction or to approve a Basic Terms Modification;
- to sanction any compromise or arrangement proposed to be made between, among others, the Issuer or any other party to any Transaction Document;
- to sanction any abrogation, modification, compromise or arrangement in respect of the rights of, among others, the Note Trustee or any other party to any Transaction Document against any other or others of them or against any of their property whether such rights arise under the Trust Deed, any other Transaction Document or otherwise;
- to approve the substitution of any person for the Issuer as principal debtor under the Notes other than in accordance with Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*) or Condition 13.21 (*Issuer Substitution Condition*);
- to assent to any modification of the Trust Deed or any other Transaction Document which is proposed by the Issuer or any other party to any Transaction Document or any Noteholder or Certificateholder, other than those modifications which are sanctioned by the Note Trustee without the consent or sanction of the Noteholders in accordance with the terms of the Trust Deed;
- to direct the Note Trustee to serve an Enforcement Notice;
- to approve removal of the Note Trustee and/or Security Trustee or approve the appointment of a new Note Trustee and/or Security Trustee;

- to approve the appointment of a substitute Servicer in circumstances where the Servicer has resigned and the appointment of the substitute Servicer in the opinion of the Security Trustee could have an adverse effect on the rating of the Rated Notes or if it is not clear to the Security Trustee whether the rating for the Rated Notes will be maintained as the rating before the termination of the Servicer;
- to authorise the Note Trustee, the Security Trustee and/or any Appointee to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- to discharge or exonerate the Note Trustee, Security Trustee and/or any Appointee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- to appoint any persons as a committee to represent the interests of the Noteholders or the Certificateholders and to confer upon such committee any powers which the Noteholders or the Certificateholders could themselves exercise by Extraordinary Resolution; and
- to sanction any scheme or proposal for the exchange, sale, conversion or cancellation of the Notes or the Residual Certificates for or partly or wholly in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company or partly or wholly in consideration of cash; or
- to give any other authorisation or sanction which under the Trust Deed or any other Transaction Document is required to be given by Extraordinary Resolution.

See Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) in the section entitled "*Terms and Conditions of the Notes*" for more detail.

Right of modification subject to negative consent of Noteholders

Pursuant to and in accordance with the detailed provisions of Condition 13.6, the Note Trustee shall be obliged, and shall direct the Security Trustee, without any consent or sanction of the Noteholders or the other Secured Creditors, but subject to the receipt of written consent from any of the Secured Creditors party to the Transaction Document being modified (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document), to concur with the Issuer in making any modification (other than a Basic Terms Modification) to the Conditions and/or any Transaction Document that the Issuer considers necessary for the purposes set out therein.

The Issuer must provide at least 30 days' notice to Noteholders of each Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Issuer. If Noteholders

representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer in writing that such Noteholders do not consent to the modification then such modification will not be made unless passed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding in accordance with Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the sole opinion of the Note Trustee or the Security Trustee, as applicable, would have the effect of (i) exposing the Note Trustee or the Security Trustee, as applicable, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Note Trustee or the Security Trustee, as applicable, in the Transaction Documents and/or these Conditions.

Relationship between Classes of Noteholders and Certificateholders:

Subject to the provisions governing a Basic Terms Modification, a resolution of a relevant Class of Notes shall be binding on all other Classes of Notes which are subordinate to such Class of Notes and on the Residual Certificates, irrespective of the effect upon them. No Extraordinary Resolution of any other Class of Noteholders or of the Certificateholders shall take effect for any purpose while the Most Senior Class of Notes then outstanding remains outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding and, in the case of Residual Certificates, the holders of all Notes ranking in priority in the applicable Priority of Payments, or the Note Trustee is of the opinion it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding and, in the case of Residual Certificates, the holders of all Notes ranking in priority thereto.

The voting rights of the Certificateholders are limited to the extent that any Ordinary Resolution or Extraordinary Resolution of the Certificateholders is only effective if, while any Classes of Notes remain outstanding, such resolution has been sanctioned by an Ordinary Resolution or Extraordinary Resolution, respectively, of the Most Senior Class of Notes and all other Classes of Notes then outstanding, or the Note Trustee is of the opinion it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes and all other Classes of Notes then outstanding.

A Basic Terms Modification requires an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes and/or the Residual Certificates then in issue, as applicable (unless the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the holders of those affected Class of Notes and/or the Residual Certificates, as applicable).

Subject to the provisions governing a Basic Terms Modification and the foregoing paragraphs, a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of Notes of only one Class or the Residual Certificates only shall be deemed to have been duly passed if passed at a separate meeting (or by a separate resolution in writing or

by a separate resolution passed by way of consents received through the relevant Clearing System(s) of the holders of that Class of Notes so affected or the Residual Certificates.

"Clearing System" means Euroclear and/or Clearstream, Luxembourg and includes in respect of any Note and/or Residual Certificate any clearing system on behalf of which such Note and/or Residual Certificate is held or which is the holder or (directly or through a nominee) registered owner of a Note and/or a Residual Certificate, in either case whether alone or jointly with any other Clearing System(s).

Relationship between Noteholders and other Secured Creditors:

So long as any of the Notes are outstanding, neither the Security Trustee nor the Note Trustee shall have regard to the interests of the Secured Creditors other than the Noteholders.

So long as the Notes are outstanding, the Note Trustee will have regard to the interests of each class of the Noteholders, but if in the Note Trustee's sole opinion there is a conflict between the interests of any Classes of Notes, it will have regard solely to the interests of the holders of the relevant affected Class of Notes ranking in priority to the other relevant Classes of Notes and the holders of such subordinated Classes of Notes shall have no claim against the Note Trustee for so doing.

So long as any Notes or Residual Certificates are outstanding the Security Trustee shall act on the instructions of the Note Trustee and shall not have regard to the interests of any other Secured Creditor.

"Secured Obligations" means any and all of the monies and liabilities which the Issuer covenants and undertakes to pay or discharge under the Issuer's covenant to pay as set out in the Deed of Charge.

Seller, Retention Holder or related entity as Noteholder or Certificateholder:

Prospective investors should note that the Seller, the Retention Holder and/or affiliates or related entities of the Seller and/or the Retention Holder may purchase some or all of any of the Notes (other than, with respect to the Seller, the Class Z Notes) and/or the Residual Certificates, and in doing so, will not be prevented from being entitled to attend meetings of the Noteholders and/or the Certificateholders or vote at Noteholder and/or Certificateholder meetings or by way of written resolution (as applicable).

Prospective investors should be aware that the interests of the Seller, the Retention Holder and/or affiliates or related entities of the Seller and/or the Retention Holder may conflict generally with that of the other Noteholders and/or Certificateholders, and the Seller, the Retention Holder and/or affiliates or related entities of the Seller and/or the Retention Holder are not required to vote in any particular manner.

Provision of Information to the Noteholders and Certificateholders:

The Cash Manager on behalf of the Issuer will publish the quarterly investor report (the **"Investor Report"**). The Investor Report will be published on the website at <http://sf.citidirect.com>. It is also intended that Investor Reports and information on the Loans in the Portfolio will be published on the website at www.euroabs.com provided that neither the Issuer nor any other Relevant Party assumes any liability for any failure to publish any such information thereon.

**Communication with
Noteholders and
Certificateholders:**

Any notice to be given by the Issuer or the Note Trustee to Noteholders and/or Certificateholders shall be given in the following manner:

- (a) Subject to paragraph (d) below, any notice to Noteholders and/or Certificateholders shall be validly given if published in the *Financial Times*, or, if such newspaper shall cease to be published or, if timely publication therein is not practicable, in such other English newspaper or newspapers having a general circulation in the United Kingdom as the Note Trustee shall approve in advance, provided that if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders and Certificateholders (in each case a "**Relevant Screen**"), or (ii) paragraph (c) below applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice.
- (b) In respect of Notes or Residual Certificates, as applicable, in definitive form, notices to Noteholders or Certificateholders will be sent to them by (i) email or (ii) first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail, at the respective email addresses or addresses (as the case may be) on the Register. Any such notice will be deemed to have been given on the fourth day after the date of posting and any notice sent by email shall be deemed to have been given at the time of dispatch provided that in the case of a notice given by email a confirmation of receipt is received by the sending party.
- (c) While the Notes or Residual Certificates, as applicable, are represented by Global Notes or Global Residual Certificates, notices to Noteholders or Certificateholders will be valid if published as described above, or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders and/or Certificateholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid shall be deemed to have been given on the day of such delivery.
- (d) In relation to the Notes and the Noteholders, so long as the relevant Notes are admitted to trading on, and listed on the official list of, Euronext Dublin all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of Euronext Dublin (which includes delivering a copy of such notice to Euronext Dublin) and any such notice will be deemed to have been given on the date sent to Euronext Dublin.

The Note Trustee shall be at liberty to sanction some other method where, in its sole opinion, the use of such other method would be

reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities and/or the quotation systems on or by which the Notes and/or Residual Certificates are then listed, quoted and/or traded and provided that notice of such other method is given to Noteholders and Certificateholders in such manner as the Note Trustee shall require.

TRANSACTION OVERVIEW – CREDIT STRUCTURE AND CASHFLOW

Please refer to the sections entitled "**Credit Structure**" and "**Cashflows**" for further detail in respect of the credit structure and cash flow of the transaction.

Available Funds of the Issuer:

Prior to an Enforcement Notice being served on the Issuer, the Cash Manager on behalf of the Issuer will apply Available Revenue Receipts and Available Redemption Receipts on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Redemption Priority of Payments respectively, as set out below.

"Available Revenue Receipts" means, in relation to each Interest Payment Date, an amount equal to the aggregate of (without double counting):

- (a) Revenue Receipts or, if in a Determination Period, Calculated Revenue Receipts (in each case, excluding any Reconciliation Amounts to be applied as Available Redemption Receipts on that Interest Payment Date) received by the Issuer during the immediately preceding Collection Period;
- (b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Collection Period;
- (c) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with the Cash Management Agreement;
- (d) amounts determined to be credited to the Deposit Account on the immediately preceding Interest Payment Date in accordance with item (t) of the Pre-Enforcement Revenue Priority of Payments;
- (e) other net income of the Issuer corresponding to the immediately preceding Collection Period, excluding any Redemption Receipts;

less:

- (f) any Third Party Amounts.

"Available Redemption Receipts" means for any Interest Payment Date an amount equal to the aggregate of (without double counting):

- (a) all Redemption Receipts or, if in a Determination Period, any Calculated Redemption Receipts (in each case, excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date) received by the Issuer during the immediately preceding Collection Period;
- (b) any PDL Cure Amounts;
- (c) any amount to be applied at item (s) of the Pre-Enforcement Revenue Priority of Payments and deemed to be Available Redemption Receipts;

- (d) in respect of the first Interest Payment Date only, the amount paid into the Deposit Account on the Closing Date from the excess of the proceeds of the Notes (excluding the proceeds of the Class Z2 Notes used to establish the Liquidity Reserve Fund) over the Initial Consideration;
- (e) prior to the Class D Note Redemption Date, the Optional Redemption Date or the Final Redemption Date, any Liquidity Reserve Fund Excess Amount;
- (f) on the earlier of the Class D Note Redemption Date, the Optional Redemption Date or the Final Redemption Date, all amounts standing to the credit of the Liquidity Reserve Fund Ledger;
- (g) following the service of an Enforcement Notice, all amounts standing to the credit of the Liquidity Reserve Fund Ledger; and
- (h) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Redemption Receipts in accordance with the Cash Management Agreement;

to the extent that such amount is of a principal nature.

Summary of Priorities of Payments: Below is a summary of the relevant payment priorities. Full details of the payment priorities are set out in the section entitled "*Cashflows*".

| <u>Pre-Enforcement Revenue Priority of Payments:</u> | <u>Pre-Enforcement Redemption Priority of Payments:</u> | <u>Post-Enforcement Priority of Payments:</u> |
|--|---|--|
| <p>(a) <i>Pro rata and pari passu</i> to amounts due to the Note Trustee and the Security Trustee and any Appointee thereof including charges, liabilities, fees, costs and expenses together with (if payable) VAT thereon</p> <p>(b) <i>Pro rata and pari passu</i> to amounts due to the Agent Bank, the Registrar, the Principal Paying Agent, the Cash Manager, the ALBA 2006 Servicer, the ALBA 2015 Servicer, the Legal Title Holders, the Back-Up Servicer Facilitator, the Corporate Services Provider, the Issuer Account Bank and</p> | <p>(a) Principal Addition Amounts (subject to the application of the Liquidity Availability Conditions) to be applied towards the reduction of any Revenue Deficit</p> <p>(b) prior to the Class D Note Redemption Date or the Optional Redemption Date, whichever is earlier, to credit the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount</p> <p>(c) <i>Pro rata and pari passu</i> to the principal amounts outstanding on the Class A Notes until the Principal Amount</p> | <p>(a) <i>Pro rata and pari passu</i> to amounts due and payable in respect of the Note Trustee and the Security Trustee, Receiver and any Appointee thereof including charges, liabilities, fees, costs and expenses together with (if payable) VAT thereon</p> <p>(b) <i>Pro rata and pari passu</i> to amounts due and payable in respect of the fees, costs, liabilities and expenses of the Agent Bank, the Registrar, the Principal Paying Agent, the Cash Manager, the ALBA 2006 Servicer, the ALBA 2015 Servicer, the Legal Title Holders, the</p> |

| | | | | | |
|-----|--|-----|---|-----|---|
| | the Collection Account Bank, in each case including all fees, costs, liabilities and expenses together with (if payable) VAT thereon | | Outstanding on the Class A Notes has been reduced to zero | | Back-Up Servicer Facilitator, the Corporate Services Provider, the Issuer Account Bank and the Collection Account Bank, in each case including all fees, costs, liabilities and expenses together with (if payable) VAT thereon |
| (c) | <i>Pro rata and pari passu</i> to pay Third Party Expenses and Transfer Costs (if any) | (d) | <i>Pro rata and pari passu</i> to the principal amounts outstanding on the Class B Notes until Principal Amount Outstanding on the Class B Notes has been reduced to zero | | |
| (d) | Issuer Profit Amount | (e) | <i>Pro rata and pari passu</i> to the principal amounts outstanding on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero | (c) | To pay Transfer Costs (if any) |
| (e) | <i>Pro rata and pari passu</i> to the interest due on the Class A Notes | | | (d) | <i>Pro rata and pari passu</i> to the amounts of interest due on the Class A Notes |
| (f) | Amounts to be credited to the Class A Principal Deficiency Sub-Ledger | (f) | <i>Pro rata and pari passu</i> to the principal amounts outstanding on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero | (e) | <i>Pro rata and pari passu</i> to the amounts of principal due and payable on the Class A Notes |
| (g) | <i>Pro rata and pari passu</i> to the interest due on the Class B Notes | | | (f) | <i>Pro rata and pari passu</i> to the amounts of interest due and payable on the Class B Notes |
| (h) | Amounts to be credited to the Class B Principal Deficiency Sub-Ledger | (g) | <i>Pro rata and pari passu</i> to the principal amounts outstanding on the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero | (g) | <i>Pro rata and pari passu</i> to the principal amounts due and payable on the Class B Notes |
| (i) | <i>Pro rata and pari passu</i> to the interest due on the Class C Notes | | | (h) | <i>Pro rata and pari passu</i> to the amounts of interest due and payable on the Class C Notes |
| (j) | Amounts to be credited to the Class C Principal Deficiency Sub-Ledger | (h) | <i>Pro rata and pari passu</i> to the principal amounts outstanding on the Class F Notes until the Principal Amount Outstanding on the Class F Notes has been reduced to zero | (i) | <i>Pro rata and pari passu</i> to the principal amounts due and payable on the Class C Notes |
| (k) | <i>Pro rata and pari passu</i> to the interest due on the Class D Notes | | | (j) | <i>Pro rata and pari passu</i> to the amounts of interest due and payable on the Class D Notes |
| (l) | Amounts to be credited to the Class D Principal Deficiency Sub-Ledger | (i) | <i>Pro rata and pari passu</i> to the principal amounts outstanding on the Class G Notes until the Principal Amount Outstanding on the Class G Notes has been reduced to zero | (k) | <i>Pro rata and pari passu</i> to the principal amounts due and payable on the Class D Notes |
| (m) | <i>Pro rata and pari passu</i> to the interest due on the Class E Notes | | | (l) | <i>Pro rata and pari passu</i> |
| (n) | Amounts to be credited to the Class E Principal Deficiency Sub-Ledger | | | | |

- (o) *Pro rata and pari passu* to the amounts of interest due on the Class F Notes
- (p) Amounts to be credited to the Class F Principal Deficiency Sub-Ledger
- (q) Amounts to be credited to the Class G Principal Deficiency Sub-Ledger
- (r) Amounts to be credited to the Junior Principal Deficiency Sub-Ledger
- (s) On any Interest Payment Date falling on or after the Optional Redemption Date, all amounts to be applied as "Available Redemption Receipts"
- (t) On any Interest Payment Date falling within a Determination Period, all remaining amounts to be retained in the Deposit Account to be applied on the next Interest Payment Date as Available Revenue Receipts
- (u) *Pro rata and pari passu*, interest due and payable on the Class X1 Notes
- (v) *Pro rata and pari passu*, interest due and payable on the Class X2 Notes
- (w) *Pro rata and pari passu* to the principal amounts due on the Class X1 Notes until the Principal Amount Outstanding on the Class X1 Notes has been reduced to zero
- (x) *Pro rata and pari passu* to the principal amounts due on the Class X2 Notes until the Principal
- (j) *Pro rata and pari passu* to the principal amounts outstanding on the Class Z1 Notes until the Principal Amount Outstanding on the Class Z1 Notes has been reduced to zero
- (k) *Pro rata and pari passu* to the principal amounts outstanding on the Class Z2 Notes until the Principal Amount Outstanding on the Class Z2 Notes has been reduced to zero
- (l) Any excess amounts to be applied as payments on a *pro rata* and *pari passu* basis due on the Residual Certificates
- (m) *Pro rata and pari passu* to the principal amounts due and payable on the Class E Notes
- (n) *Pro rata and pari passu* to the amounts of interest due and payable on the Class F Notes
- (o) *Pro rata and pari passu* to the principal amounts due and payable on the Class F Notes
- (p) *Pro rata and pari passu* to the principal amounts due and payable on the Class G Notes
- (q) *Pro rata and pari passu* to the amounts of unpaid interest due and payable on the Class X1 Notes
- (r) *Pro rata and pari passu*, principal due and payable on the Class X1 Notes until the Principal Amount Outstanding on the Class X1 Notes has been reduced to zero
- (s) *Pro rata and pari passu* to the amounts of unpaid interest due and payable on the Class X2 Notes
- (t) *Pro rata and pari passu*, principal due and payable on the Class X2 Notes until the Principal Amount Outstanding on the Class X2 Notes has been reduced to zero
- (u) in or towards repayment, *pro rata and pari passu*, principal due and payable on the Class Z1 Notes
- to the amounts of interest due and payable on the Class E Notes

| | |
|--|--|
| <p>Amount Outstanding on the Class X2 Notes has been reduced to zero</p> <p>(y) Payments on a <i>pari passu</i> basis due on the Residual Certificates</p> | <p>until the Principal Amount Outstanding on the Class Z1 Notes has been reduced to zero</p> <p>(v) in or towards repayment, <i>pro rata</i> and <i>pari passu</i>, principal due and payable on the Class Z2 Notes until the Principal Amount Outstanding on the Class Z2 Notes has been reduced to zero</p> <p>(w) Any Third Party Expenses (if any) and any amounts in excess of amounts already credited to the Issuer Profit Ledger prior to such Interest Payment Date and required to discharge any liability of the Issuer for corporation tax of the Issuer</p> <p>(x) Issuer Profit Amount</p> <p>(y) Payments on a <i>pari passu</i> basis due on the Residual Certificates</p> |
|--|--|

General Credit Structure:

The credit structure of the transaction includes the following elements:

- The availability of the Liquidity Reserve Fund will be funded on the Closing Date by the proceeds of the issuance of the Class Z2 Notes up to the Liquidity Reserve Fund Required Amount. Thereafter, on each Interest Payment Date prior to the earlier of the Class D Note Redemption Date, the Optional Redemption Date, or the service of an Enforcement Notice, the Liquidity Reserve Fund will be replenished up to the Liquidity Reserve Fund Required Amount at item (b) of the Pre-Enforcement Redemption Priority of Payments to the extent that funds are available for such purpose in accordance with the Pre-Enforcement Redemption Priority of Payments.
- On each Interest Payment Date falling prior to the Class D Note Redemption Date, and subject to the Liquidity Availability Conditions, to the extent that there would be one or more Revenue Deficits on such Interest Payment Date, an amount equal to the lower of (a) the amount required to cover such Revenue Deficit or Revenue Deficits and (b) the amount standing to the credit of the Liquidity Reserve Fund on such Interest Payment Date (such amounts being "**Liquidity Reserve Fund Drawings**") shall be debited from the Liquidity Reserve Fund immediately following the application of Available Revenue Receipts and will be applied to meet such Revenue Deficit or Revenue Deficits,

provided that if there is more than one Revenue Deficit such amounts shall be applied in the order of priority as such items appear in the Pre-Enforcement Revenue Priority of Payments.

- On each Interest Payment Date prior to the Class D Note Redemption Date, any Liquidity Reserve Fund Excess Amount shall be applied as Available Redemption Receipts on such date.
- On the Class D Note Redemption Date, the Optional Redemption Date or the Final Redemption Date, whichever is earlier, and following the service of an Enforcement Notice, the balance standing to the credit of the Liquidity Reserve Fund shall be applied as Available Redemption Receipts on such date.

See the section titled "*Credit Structure – Liquidity Reserve Fund and Liquidity Reserve Fund Ledger*".

- A Principal Deficiency Ledger will be established to record as a debit (i) any Losses on the Portfolio; (ii) Principal Addition Amounts (determined in accordance with the Liquidity Availability Conditions); and (iii) amounts credited to the Liquidity Reserve Fund in accordance with item (b) of the Pre-Enforcement Redemption Priority of Payments. The Principal Deficiency Ledger shall record as a credit any amounts of Available Revenue Receipts retained pursuant to items (f), (h), (j), (l), (n), (p), (q) and (r) of the Pre-Enforcement Revenue Priority of Payments and deemed to be Available Redemption Receipts ("**PDL Cure Amounts**").

The Principal Deficiency Ledger will comprise the following sub-ledgers: the Class A Principal Deficiency Sub-Ledger (relating to the Class A Notes), the Class B Principal Deficiency Sub-Ledger (relating to the Class B Notes), the Class C Principal Deficiency Sub-Ledger (relating to the Class C Notes), the Class D Principal Deficiency Sub-Ledger (relating to the Class D Notes), the Class E Principal Deficiency Sub-Ledger (relating to the Class E Notes), the Class F Principal Deficiency Sub-Ledger (relating to the Class F Notes) the Class G Principal Deficiency Sub-Ledger (relating to the Class G Notes) and, the Junior Principal Deficiency Sub-Ledger (relating to the Class Z Notes).

- Any Losses on the Portfolio, any Principal Addition Amounts and/or any amounts credited to the Liquidity Reserve Fund in accordance with item (b) of the Pre-Enforcement Redemption Priority of Payments will be recorded as a debit (on the Calculation Date that the Cash Manager is informed of such Losses by the Servicer or such Principal Addition Amounts or amounts available pursuant to item (b) of the Pre-Enforcement Redemption Priority of Payments are determined by the Cash Manager (as applicable)): (a) *first*, to the Junior Principal Deficiency Sub-Ledger (up to a maximum amount equal to the Junior PDL Notional Capacity); (b) *second*, to the Class G Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class G Notes; (c) *third*, to the Class F Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class F Notes; (d)

fourth, to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes; (e) *fifth*, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes; (f) *sixth*, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; (g) *seventh*, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; (h) *eighth*, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes. Realised Losses in any period will be calculated after applying any recoveries following enforcement of a Loan firstly to pay all outstanding fees and interest amounts due and payable in respect of the relevant Loan. See the section "*Credit Structure – Principal Deficiency Ledger*".

- To the extent that after application of the Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and (on or prior to the Class D Note Redemption Date) the use of any Liquidity Reserve Fund Drawings to meet any Revenue Deficits against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments, any Revenue Deficits persist, the Issuer shall (subject to the relevant Liquidity Availability Conditions) apply Principal Addition Amounts to cover such remaining Revenue Deficits in accordance with item (a) of the Pre-Enforcement Redemption Priority of Payments, subject to the application of the Liquidity Availability Conditions. Any Available Redemption Receipts applied as Principal Addition Amounts will be recorded as a debit to the Principal Deficiency Ledger. See the section "*Credit Structure – Liquidity and Credit Support for the Notes provided by Available Revenue Receipts*".

Bank Accounts:

On the Closing Date the Issuer will enter into the Bank Account Agreement with the Issuer Account Bank in respect of the opening and maintenance of a deposit account (the "**Deposit Account**"). The Issuer may from time to time open additional or replacement accounts (such accounts, together with the Deposit Account, the "**Issuer Accounts**") pursuant to the Bank Account Agreement and the Transaction Documents.

Cash Management:

On each Interest Payment Date, the Cash Manager will transfer monies from the Deposit Account to be applied in accordance with the applicable Priority of Payments.

TRANSACTION OVERVIEW – TRIGGERS TABLES

Rating Triggers Table

| Transaction Party | Required Ratings/Triggers | Possible effects of Trigger being breached include the following: |
|--------------------------------|---|---|
| Issuer Account Bank: | (a) in respect of S&P: (i) a short-term unsecured, unsubordinated and unguaranteed debt rating of at least A-1 by S&P (if a short-term rating is assigned by S&P) and a long-term unsecured, unsubordinated and unguaranteed debt rating of at least A by S&P, or (ii) should the Issuer Account Bank not benefit from a short-term unsecured, unsubordinated and unguaranteed rating of at least A-1 from S&P, a long term unsecured, unsubordinated and unguaranteed debt rating of at least A+ by S&P; and (b) in respect of Fitch, a short-term deposit rating (or an issuer default rating, if a deposit rating is not assigned) of at least F1 by Fitch or a long-term deposit rating (or an issuer default rating, if a deposit rating is not assigned) of at least A by Fitch, or such other lower rating which is consistent with the then current rating methodology of the Rating Agencies in respect of the then current ratings of the Rated Notes (each, the " Account Bank Rating " and together, the " Account Bank Ratings "). | <p>If the Issuer Account Bank fails to maintain any of the Account Bank Ratings, then the Issuer shall use all reasonable endeavours to, within 60 calendar days of such downgrade:</p> <ul style="list-style-type: none"> (a) close the Issuer Accounts with such Issuer Account Bank and use all reasonable endeavours to open replacement accounts with a financial institution (i) having ratings of at least the Account Bank Ratings, (ii) approved in writing by the Cash Manager, (iii) which is a bank as defined in section 991 of the Income Tax Act 2007 and (iv) being an authorised institution under FSMA 2000, and procure that the amounts standing to the credit of the Issuer Accounts and all Ledgers on the Issuer Accounts are transferred forthwith to the replacement Issuer Accounts; (b) obtain a guarantee of the obligations of such Issuer Account Bank under the Bank Account Agreement from a financial institution having ratings of at least the Account Bank Ratings; or (c) take any other reasonable action as the Rating Agencies may agree will not result in a downgrade of the Rated Notes, <p>in each case as prescribed in the Bank Account Agreement.</p> |
| Collection Account Bank | (a) in respect of S&P: (i) a short-term, unsecured, unsubordinated and unguaranteed debt rating of A-2 by S&P (if a short-term rating is assigned by | If the Collection Account Bank fails to maintain any of the Collection Account Bank Ratings the Issuer and the Servicers shall use all reasonable endeavours to (at |

S&P) and a long-term, unsecured, unsubordinated and unguaranteed debt rating of BBB; or (ii) should the Collection Account Bank not benefit from a short-term unsecured, unsubordinated and unguaranteed rating of at least A-2 by S&P, a long-term unsecured, unsubordinated and unguaranteed debt rating of at least BBB+ by S&P; and (b) in respect of Fitch, a short-term deposit rating (or an issuer default rating, if a deposit rating is not assigned) of F2 and a long-term deposit rating (or an issuer default rating, if a deposit rating is not assigned) of BBB+ by Fitch, or such other lower rating which is consistent with the then current rating methodology of the Rating Agencies in respect of the then current ratings of the Rated Notes (each, the "**Collection Account Bank Rating**" and together, the "**Collection Account Bank Ratings**").

the sole cost and expense of the Issuer):

- (i) appoint a replacement financial institution with the Collection Account Bank Rating to act as replacement Collection Account Bank which is a bank for the purposes of section 878 ITA 2007 and which will pay interest in relation to the Collection Account in the ordinary course of its business;
- (ii) procure that such financial institution enters into a replacement collection account agreement;
- (iii) procure a trust is declared with respect to any replacement collection account in favour of, *inter alia*, the Issuer;
- (iv) procure that a new collection account is opened and established at the replacement institution and further procure that all amounts held on trust for the Issuer standing to the credit of the Collection Account are transferred to the replacement account at such replacement institution as soon as practicable or, where the Collection Account Bank ceases to have the Collection Account Bank Rating, provided that such transfer and replacement is required to take place within 60 calendar days of such downgrade; and
- (v) procure the transfer of Borrowers' direct debit mandates to the replacement collection account and that all monthly payments made by Borrowers by any other payment arrangement are made to the replacement collection account.

Non-Rating Triggers Table

Perfection Events:

Prior to the completion of the transfer of legal title of the Loans to the Issuer, the Issuer will be subject to certain risks as set out in the risk factors entitled "*Legal Title Holders to retain legal title to the Loans and risks relating to set-off*" and "*Set-off may adversely affect the value of the Portfolio or any part thereof*" in the section entitled "*Risk Factors*". Completion of transfer of the legal title of the Loans by the relevant Legal Title Holder to the Issuer will be completed as soon as reasonably practicable after the earliest to occur of the following:

- (a) the relevant Legal Title Holder is required to perfect the Issuer's legal title to the Loans by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Legal Title Holder or by any organisation of which the Legal Title Holder is a member;
- (b) it becomes necessary by law or regulation to do any or all of the acts referred to in paragraph (a) above;
- (c) the occurrence of a Servicer Termination Event in respect of the relevant Servicer in circumstances where all applicable grace periods have expired and no replacement servicer has been appointed;
- (d) the security created under or pursuant to the Deed of Charge or any material part of that security is, in the opinion of the Security Trustee, in danger of being seized or sold under any form of distress, diligence, attachment, execution or other legal process or otherwise in jeopardy; or
- (e) there is an Insolvency Event in relation to the relevant Legal Title Holder or any other entity in which legal title to any Loan is vested.

ALBA 2015 Servicer Termination Events:

Pursuant to the ALBA 2015 Servicing Agreement, if any of the following events (each a "**ALBA 2015 Servicer Termination Event**") shall occur:

- (a) default is made by the ALBA 2015 Servicer in the payments on the due date of any payments due and payable by it under the ALBA 2015 Servicing Agreement or any other Transaction Document to which it is a party and such default continues unremedied for a period of five Business Days after the earlier of the ALBA 2015 Servicer becoming aware of such default and receipt by the ALBA 2015 Servicer of written notice from the Issuer or (following service of an Enforcement Notice) the Security Trustee (acting on the instructions of the Instructing Party) requiring the default to be remedied;
- (b) default is made by the ALBA 2015 Servicer in the performance or observance of any of its other covenants and obligations under the ALBA 2015 Servicing Agreement or any other Transaction Document to which it is a party, which default in the reasonable opinion of the Issuer (prior to the delivery of an Enforcement Notice) or the opinion of the Security Trustee (after the delivery of an Enforcement Notice),

acting on the advice of a financial adviser, such advice to be relied upon by the Security Trustee absolutely and without further enquiry or any liability, is materially prejudicial to the interests of the Noteholders and which, in the case of a default or breach that is capable of remedy, continues unremedied for a period of 20 Business Days after the earlier of the ALBA 2015 Servicer becoming aware of such default and of receipt by the ALBA 2015 Servicer of written notice from the Issuer or (after delivery of an Enforcement Notice) the Security Trustee (acting on the instructions of the Instructing Party) requiring the same to be remedied, provided however that where the relevant default and receipt of notice of such default occurs as a result of a default by a person to whom the ALBA 2015 Servicer has sub-contracted or delegated part of its obligations under the ALBA 2015 Servicing Agreement, such default shall not constitute a ALBA 2015 Servicer Termination Event if, within such period of 20 Business Days of receipt of such notice from the Issuer and/or, as the case may be, the Security Trustee (acting on the instructions of the Instructing Party), the ALBA 2015 Servicer terminates the relevant sub-contracting or delegation arrangements and remedies such default or takes such steps as the Issuer may in its discretion or (following the delivery of an Enforcement Notice) the Security Trustee may in its discretion specify to indemnify the Issuer and/or the Security Trustee against the consequences of such default;

- (c) the ALBA 2015 Servicer ceasing to be an authorised person under FSMA or the failure by the ALBA 2015 Servicer to obtain or maintain, or the revocation of, applicable licences, registrations or regulatory approvals or permissions enabling it to continue servicing the Loans and to perform the Services;
- (d) the occurrence of an Insolvency Event in respect of the ALBA 2015 Servicer or the ALBA 2015 Servicer becomes subject to Insolvency Proceedings; or
- (e) the ALBA 2015 Servicer ceases to carry on the whole of its business or ceases to carry on the whole or substantially the whole of its residential mortgage servicing business,

then the Issuer (prior to the delivery of an Enforcement Notice) or (after delivery of an Enforcement Notice) the Security Trustee (in the case of (a) and (b) or (d)) shall deliver written notice to the ALBA 2015 Servicer on becoming aware of the ALBA 2015 Servicer Termination Event to terminate the ALBA 2015 Servicer's appointment with effect from the date of receipt of such notice (and in the case of (c) such notice shall be deemed to have been given to terminate the ALBA 2015 Servicer's appointment as ALBA 2015 Servicer under the ALBA 2015 Servicing Agreement with immediate effect), provided that the ALBA 2015 Servicer's appointment shall not be terminated until a successor servicer (the "**Successor Servicer**") has been appointed. Upon and following the termination of the appointment of ALBA 2015 Servicer as servicer under the ALBA 2015 Servicing Agreement, the Issuer and the Back-Up Servicer Facilitator shall each use its reasonable endeavours to appoint a Successor Servicer which satisfies certain conditions set out in the ALBA 2015 Servicing Agreement within 30 days following the delivery of the written notice to terminate ALBA 2015 Servicer's appointment.

ALBA 2006 Servicer Termination Events:

If any of the following events (each a "**Mortgage Servicer Termination Event**", and together with the ALBA 2015 Servicer Termination Events, the "**Servicer Termination Events**") shall occur:

- (a) default is made by the ALBA 2006 Servicer in the performance or observance of any of its covenants and obligations under the ALBA 2006 Servicing Agreement which, in the opinion of the Security Trustee, is materially prejudicial to the interests of the Noteholders and which, in the case of a default that is remediable, continues unremedied for a period of 15 days after written notice by the Security Trustee requiring the same to be remedied;
- (b) an order is made or an effective resolution passed for winding up the ALBA 2006 Servicer;
- (c) the ALBA 2006 Servicer ceases or threatens to cease to carry on its business or a substantial part of its business or stops payment or threatens to stop payment of any amounts due to its creditors generally or is deemed unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986 or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or otherwise becomes insolvent;
- (d) a petition is presented, or a resolution is duly passed or other steps taken or any order is made by any competent court for or towards the winding up or dissolution of the ALBA 2006 Servicer (other than any petition which is frivolous or vexatious and is not withdrawn within five Business Days and other than in the case of a reorganisation the terms of which have been approved by the Security Trustee and where the ALBA 2006 Servicer demonstrates to the satisfaction of the Security Trustee that it is solvent) or a petition is presented, an order is made or documents are filed with the court for the appointment of, or there is appointed, an administrative or other receiver, liquidator, trustee, manager, administrator (or there is service of a notice of intention to appoint an administrator or such appointment takes effect) or other similar official in relation to the ALBA 2006 Servicer or in relation to the whole or any substantial part of the undertaking or assets of the ALBA 2006 Servicer or an encumbrancer takes possession of the whole or any substantial part of the undertaking or assets of the ALBA 2006 Servicer, or a distress, execution or diligence or other process is levied or enforced upon or sued against the whole or any substantial part of the undertaking or assets of the ALBA 2006 Servicer and in any of the foregoing cases it shall not be discharged within 15 days;
- (e) a moratorium in respect of all or any of the debts of the ALBA 2006 Servicer or any other similar proceedings or arrangements by which the assets of the ALBA 2006 Servicer are submitted to the control of its creditors is applied for, ordered or declared or if the ALBA 2006 Servicer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or

assignment for the benefit of its creditors generally or takes steps with a view to obtaining a moratorium in respect of any indebtedness; or

- (f) an Enforcement Notice is given and the Security Trustee is of the opinion that the continuation of the appointment of the ALBA 2006 Servicer is materially prejudicial to the interests of the Noteholders,

then the Issuer (with the consent of the Security Trustee) or the Security Trustee may by notice in writing to the ALBA 2006 Servicer terminate the appointment of the ALBA 2006 Servicer under the ALBA 2006 Servicing Agreement but without prejudice to any then existing rights and liabilities of the parties thereto.

TRANSACTION OVERVIEW – FEES

The following table sets out the ongoing fees to be paid by the Issuer to the transaction parties.

| Type of Fee | Amount of Fee | Priority in Cashflow | Frequency |
|---------------------------|--|--|--|
| ALBA 2006 Servicing fees. | In relation to the ALBA 2006 Loans a core fee of 0.2247% per annum on the aggregate Current Balance of all ALBA 2006 Loans administered by the ALBA 2006 Servicer under the ALBA 2006 Servicing Agreement (calculated for each of the ALBA 2006 Loans by reference to the Current Balance of the ALBA 2006 Loans at the end of each month immediately preceding the Interest Payment Date on which such fees are due). | Ahead of all Notes and Residual Certificates | Quarterly in arrear on each Interest Payment Date. |
| ALBA 2015 Servicing Fees | <p>In relation to the ALBA 2015 Loans:</p> <p>(a) a base servicing fee in relation to each Calculation Period, equal to 0.16% per annum on the aggregate outstanding Current Balance of the ALBA 2015 Loans on the first day of the immediately preceding Calculation Period (calculated on the basis of the number of days elapsed in that Calculation Period and a 365 day year);</p> <p>(b) an arrears fee equal to the product of the number of Arrears Loans during the immediately preceding Calculation Period, multiplied by £27.50;</p> <p>(c) a redemption fee equal to the product of the number of redemptions of Loans processed in the immediately preceding Calculation Period calculated as of the first day of the succeeding Calculation Period, multiplied by £100,</p> <p>each exclusive of VAT and subject to a maximum amount of the aggregate amount of the Servicing Fee and any</p> | Ahead of all Notes and Residual Certificates | Quarterly in arrear on each Interest Payment Date. |

| Type of Fee | Amount of Fee | Priority in Cashflow | Frequency |
|--|--|---|--|
| | increase thereof in accordance with the ALBA 2015 Servicing Agreement paid by the Issuer to the ALBA 2015 Servicer of 0.225 per cent. of the aggregate outstanding Current Balance of the ALBA 2015 Loans on the first day of the immediately preceding Calculation Period (calculated on the basis of the number of days elapsed in that Collection Period and a 365 day year). | | |
| Other fees and expenses of the Issuer (including tax and audit costs). | Estimated at £115,000 each year (exclusive of VAT, where so provided in the relevant Transaction Document or otherwise payable by the Issuer). | Ahead of all outstanding Notes and Residual Certificates. | Quarterly in arrear on each Interest Payment Date. |
| Expenses related to the admission to trading of the Notes. | Estimated at €13,641.20 (exclusive of VAT). | Ahead of all outstanding Notes and Residual Certificates. | On or about the Closing Date. |

As at the date of this Prospectus, the standard rate of UK VAT is 20 per cent.

CERTAIN REGULATORY REQUIREMENTS

EU Risk Retention

The Retention Holder, as an originator for the purposes of the Securitisation Regulation, will retain a material net economic interest of not less than 5 per cent. in the securitisation (representing downside risk and economic outlay) as required by Article 6(1) of the Securitisation Regulation (as such article is interpreted and applied on the date hereof and not taking into account any relevant national measures). As at the Closing Date, such interest will be comprised of the Retention Holder holding through its interest and exposure in the profit participating loan entered into with the Seller an interest in the first loss tranche and other tranches having the same or a more severe risk profile than those transferred or sold to investors, represented in this case by the retention by the Seller of the Class Z Notes, in accordance with the text of 6(3)(d) of the Securitisation Regulation. The aggregate Principal Amount Outstanding of the Class Z Notes as at the Closing Date is equal to at least 5 per cent of the nominal value of the securitised exposures. Any change to the manner in which such interest is held will be notified to Noteholders and Certificateholders.

As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Closing Date, to the quarterly Investor Reports provided to the Noteholders pursuant to the Cash Management Agreement and published on the following website: <http://sf.citidirect.com>.

The Retention Holder 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 Securitisation Regulation by confirming the risk retention of the Retention Holder as contemplated by Article 6(1) of the Securitisation Regulation as specified in the paragraph above; and (ii) the interest to be retained by the Retention Holder as specified in the introductory paragraph above in the Risk Retention Letter.

The Issuer has been appointed as the designated entity under Article 7(2) of the Securitisation Regulation and has accepted such appointment. The Issuer has appointed the EuroABS Limited ("**EuroABS**") to perform all of the Issuer's obligations under Article 7 of the Securitisation Regulation. For further information please refer to the section entitled "*General Information*".

Loans have not been selected to be sold to the Issuer with the aim of rendering losses on the Loans sold to the Issuer, measured over a period of 4 years, higher than the losses over the same period on comparable assets held on the balance sheet of the Retention Holder.

The Retention Holder will undertake in the Risk Retention Letter:

- (a) to retain on an on-going basis a material net economic interest of not less than 5 per cent. of the nominal value of the securitised exposures for the purposes of Article 6(1) of the Securitisation Regulation (the "**Minimum Required Interest**");
- (b) to provide notice to the Issuer, the Security Trustee (on behalf of the Noteholders) and the Cash Manager on or prior to the end of a Determination Period in the event that it ceases to hold exposure to the Minimum Required Interest;
- (c) to retain the Minimum Required Interest by holding an indirect exposure in the first loss tranche in the securitisation in accordance with Article 6(3)(d) of the Securitisation Regulation, represented by the Class Z Notes through its exposure to the Seller under the PPL and the corresponding holding by the Seller of the Class Z Notes

- (d) not to change the manner or form in which it retains the Minimum Required Interest, except as permitted under the Securitisation Regulation;
- (e) not to dispose of, assign or transfer its rights, benefits or obligations under the PPL except as permitted under the Securitisation Regulation;
- (f) not to hedge or otherwise mitigate its credit risk under or associated with the Minimum Required Interest or sell, transfer or otherwise surrender all or part of the rights, benefits or obligations arising from the Retained Interest, except as permitted under the Securitisation Regulation; and
- (g) that it shall immediately notify the Issuer, the Arranger, the Security Trustee and the Cash Manager in writing if for any reason (i) it fails to comply with the undertakings set out in (a) to (f) in any way or (ii) it becomes aware that the Seller has failed to comply with any of its undertakings set out in the paragraph below.

The Seller will undertake in the Risk Retention Letter, at any time whilst any of the Rated Notes, the Class G Notes and the Class X Notes are still outstanding:

- (a) that it will continue to hold, on an on-going basis, all of the Class Z Notes unless instructed otherwise by the Retention Holder in accordance with the Securitisation Regulation;
- (b) not to carry on any other trade or business or any activities or hold shares in any company or hold any other assets other than the Notes and Residual Certificates save to the extent permitted by or provided for in the Transaction Documents or paragraph (c) below or as permitted under the terms of the PPL, such other related documents that are referred to in the PPL or which relate to the entry into and performance by the Seller of its obligations under the PPL and activities ancillary thereto;
- (c) not to incur any indebtedness or give any guarantee in respect of any indebtedness or of any other obligation of any person other than the PPL save to the extent that the same would not result in any breach of the Securitisation Regulation;
- (d) not to take any action which would reduce the Retention Holder's exposure to the economic risk of the Class Z Notes in such a way that the Retention Holder ceases to hold the Minimum Required Interest;
- (e) not to issue any further shares in addition to those that are in issue as at the Closing Date; and
- (f) that it shall immediately notify the Issuer, the Arranger, the Security Trustee and the Cash Manager in writing if for any reason (i) it fails to comply with the undertakings set out in paragraphs (a) to (e) above in any way or (ii) it becomes aware that the Retention Holder has failed to comply with any of its undertakings set out in the paragraph above.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Article 5 of the Securitisation Regulation and any relevant national measures which may be relevant and none of the Relevant Parties (i) makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.

In addition to the above, the Issuer shall confirm that it will procure the provision to Noteholders of any reasonable and relevant additional data and information referred to in Article 7 of the Securitisation Regulation (subject to all applicable laws), provided that the Issuer will not be in breach of the requirements of this paragraph if due to events, actions or circumstances beyond its control, it is not able to comply with such undertakings.

U.S. Risk Retention Requirements

Section 941 of the Dodd-Frank Act amended the Exchange Act to generally require the "securitizer" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for the purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The U.S. Risk Retention Rules came into effect on 24 December 2016 with respect to all classes of asset-backed securitizations. The U.S. Risk Retention Rules provide that the securitizer of an asset backed securitization is its sponsor. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Retention Holder, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5 per cent. of the credit risk of the securitized assets for purposes of compliance with the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the "ABS interests" (as defined in Section 2 of the U.S. Risk Retention Rules) are issued) of all classes of ABS interests issued in the securitization transaction are sold or transferred to, or for the account or benefit of, U.S. persons (as defined in the U.S. Risk Retention Rules, "**Risk Retention U.S. Persons**"); (3) neither the sponsor nor the issuer of the securitization transaction is (A) chartered, incorporated or organised under U.S. law, (B) an unincorporated branch (wherever located) of a U.S. entity or (C) is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. (as determined based on unpaid principal balance) of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer chartered, incorporated or organised or located in the United States.

Prior to any Notes or Residual Certificates which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person, the purchaser of such Notes or Residual Certificates must first disclose to the Retention Holder that it is a Risk Retention U.S. Person and obtain the written consent of the Retention Holder in the form of a U.S. Risk Retention Consent. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S, and that persons who are not "U.S. persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to paragraphs (b) and (h)(i), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" (and "Risk Retention U.S. Person" as used in this Prospectus) means any of the following:

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States²;
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other paragraph of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other paragraph of this definition);
- (e) any agency or branch of a foreign entity located in the United States;

² The comparable provision from Regulation S is "(ii) any partnership or corporation organised or incorporated under the laws of the United States.

- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other paragraph of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organisation or entity if:
 - (i) organised or incorporated under the laws of any foreign jurisdiction; and
 - (ii) formed by a U.S. person (as defined under any other paragraph of this definition) principally for the purpose of investing in securities not registered under the Securities Act³;

Each holder of a Note or a beneficial interest therein acquired on the Closing Date, by its acquisition of a Note or a beneficial interest in a Note, will be deemed, and, in certain circumstances, will be required to represent to the Issuer and the Retention Holder that it (1) either (i) is not a Risk Retention U.S. Person or (ii) it has obtained a U.S. Risk Retention Consent, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein).

The Retention Holder has advised the Issuer that it will not provide a U.S. Risk Retention Consent to any investor if such investor's purchase would result in more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) (as determined by fair value under US GAAP) of all Classes of Notes to be sold or transferred to Risk Retention U.S. Persons on the Closing Date.

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

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

Neither the Retention Holder nor the Issuer makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Closing Date or at any time in the future. Investors should consult their own advisors as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise. For further information please refer to the Risk Factors entitled "*Legal and Regulatory Risks – Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes*" and "*Securitisation Regulation regime applies to the Notes and non-compliance with*

³ The comparable provision from Regulation S "(vii)(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in 17 CFR 230.501(a)) who are not natural persons, estates or trusts.

this regime may have an adverse impact on the regulatory treatment of Notes and/or decrease liquidity of the Notes".

INFORMATION RELATING TO THE REGULATION OF MORTGAGES IN THE UK

Regulated Mortgage Contracts

In the United Kingdom, regulation of residential mortgage business under the Financial Services and Markets Act 2000 ("FSMA") came into force on 31 October 2004 (the "**Regulation Effective Date**"). Residential mortgage lending under the FSMA is regulated by the FCA (and prior to 1 April 2013, was regulated by its predecessor the FSA). Subject to certain exemptions, entering into a Regulated Mortgage Contract as a lender, arranging Regulated Mortgage Contracts and advising in respect of or administering Regulated Mortgage Contracts (or agreeing to do any of these things) are each regulated activities under the FSMA and the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the "**RAO**") requiring authorisation and permission from the FCA.

If a mortgage contract was entered into on or after the Regulation Effective Date, it will be a Regulated Mortgage Contract under the RAO if: (i) the lender provides credit to an individual or to trustees; and (ii) the obligation of the borrower to repay is secured by a first legal mortgage (or, in Scotland, a first ranking standard security) (other than timeshare accommodation) in the United Kingdom, at least 40% of which is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a related person. A related person (in relation to a borrower, or in the case of credit provided to trustees, a beneficiary of the trust) is broadly the person's spouse or civil partner, near relative or a person with whom the borrower (or in the case of credit provided to trustees, a beneficiary of the trust) has a relationship which is characteristic of a spouse.

There have been incremental changes to the definition of regulated mortgage contract over time, including the removal of the requirement for the security to be first ranking and the extension of the territorial scope to cover property in the EEA rather than just the UK.

If the mortgage contract was entered into on or after 21 March 2016, it will be a regulated mortgage contract if it meets the following conditions (when read in conjunction with relevant exclusions): (a) the borrower is an individual or trustee; and (b) the obligation of the borrower to repay is secured by a mortgage (including, in Scotland, a standard security) on land in the EEA, at least 40% of which is used, or is intended to be used, in the case of credit provided to an individual, as or in connection with a dwelling by that individual or a related person; or (in the case of credit provided to a trustee who is not an individual), as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a related person.

Credit agreements which were originated before 21 March 2016, which were regulated by the CCA, and that would have been regulated mortgage contracts had they been entered into on or after 21 March 2016 are 'consumer credit back book mortgage contracts' and are also therefore Regulated Mortgage Contracts (see "*Regulation of residential secured lending (other than Regulated Mortgage Contracts)*") below.

As part of the UK's preparations for exiting the EU, minor changes to the legislation may occur as part of the UK's onshoring process, but these are unlikely to affect the scope or impact of the legislation described in this section on, and immediately following, exit day.

On and from the Regulation Effective Date, subject to any exemption, persons carrying on any specified regulated mortgage-related activities by way of business must be authorised under the FSMA. The specified activities currently are: (a) entering into a Regulated Mortgage Contract as lender; (b) administering a Regulated Mortgage Contract (administering in this context broadly means notifying borrowers of changes in mortgage payments and/or collecting payments due under the mortgage loan); (c) advising in respect of Regulated Mortgage Contracts; and (d) arranging Regulated Mortgage Contracts. Agreeing to carry on any of these activities is also a regulated activity. If requirements as to the authorisation of lenders and brokers are not complied with, a Regulated Mortgage Contract will be unenforceable against the borrower except with the approval of a court and the unauthorised person may commit a criminal offence. An unauthorised person who carries on the regulated mortgage activity of administering a Regulated Mortgage Contract that

has been validly entered into may commit an offence, although this will not render the contract unenforceable against the borrower. The regime under the FSMA regulating financial promotions covers the content and manner of the promotion of agreements relating to qualifying credit and by whom such promotions can be issued or approved. In this respect, the FSMA regime not only covers financial promotions of Regulated Mortgage Contracts but also promotions of certain other types of secured credit agreements under which the lender is a person (such as the relevant Originator) who carries on the regulated activity of entering into a Regulated Mortgage Contract. Failure to comply with the financial promotion regime (as regards who can issue or approve financial promotions) is a criminal offence and will render the Regulated Mortgage Contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court.

The relevant Servicer is required to hold authorisation and permission to administer Regulated Mortgage Contracts. The ALBA 2006 Servicer and the ALBA 2015 Servicer each hold permission to administer a regulated mortgage contract. Subject to certain exemptions, brokers will be required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts.

The Issuer is not, nor proposes to become, an authorised person under the FSMA. The Issuer will only hold beneficial title to the Loans and their Related Security. In the event that legal title is transferred to the Issuer upon the occurrence of a Perfection Event the Issuer must arrange for a servicer having the required authorisation and permission under the FSMA to administer these Loans within a period of not more than one month and is not expected to enter into any new Regulated Mortgage Contracts as lender under article 61(1) of the RAO. However, in the event that a mortgage is varied, such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity.

The FCA's Mortgages and Home Finance: Conduct of Business sourcebook ("**MCOB**"), which sets out the FCA's rules for regulated mortgage activities, came into force on 31 October 2004. These rules cover, *inter alia*, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions. Further rules for prudential and authorisation requirements for mortgage firms, and for extending the appointed representatives regime to mortgages, came into force on 31 October 2004. If FCA requirements on authorisation and permission of lenders and brokers or on issue and approval of financial promotions are not complied with, a Regulated Mortgage Contract entered into as a consequence of such action will be unenforceable against the borrower except with the approval of a court.

A borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of the FCA rules, and may set off the amount of the claim against the amount owing by the borrower under the loan or any other loan that the borrower has taken with that authorised person (or exercise analogous rights in Scotland). Any such claim or set off may adversely affect the Issuer's ability to make payments on the Notes.

Regulation of residential secured lending (other than Regulated Mortgage Contracts)

The UK government has pursued a policy commitment to move second charge lending into the regulatory regime for mortgage lending rather than the regime for consumer credit under which second charge lending fell. The UK government thought that there was a strong case for regulating lending secured on a borrower's home consistently, regardless of whether it is a first or subsequent charge. The European Mortgage Credit Directive (2014/17/EU) (the **Mortgage Credit Directive**) also follows this principle and makes no distinction between requirements for first charge and second (and subsequent) charge mortgage lending. The UK government concluded that it made sense to implement the changes to second (and subsequent) charge lending alongside the implementation of the Mortgage Credit Directive. The UK government also proposed to move the regulation of second (and subsequent) charge loans already in existence before 21 March 2016 to the regulated mortgage contract regime rather than keeping them within the consumer credit regime. The

policy of regulating lending secured on a borrower's home consistently also meant that the UK government decided to change the regulatory regime of pre-2004 first charge loans regulated by the CCA. Mortgage regulation under FSMA began on 31 October 2004. Mortgages entered into before that date were regulated by the CCA, provided they did not exceed the financial threshold in place when they were entered into and were not otherwise exempt. In November 2015, the UK government introduced legislation which meant that the administration of and other activities relating to those pre-October 2004 first charge mortgages which were regulated by the CCA became regulated mortgage activities from 21 March 2017. The transfer of CCA regulated mortgages into the FSMA regime was implemented by the Mortgage Credit Directive Order 2015 on 21 March 2016 (the **Mortgage Credit Directive Order**). The government has put in place transitional provisions for existing loans so that some of the CCA protections in place when the loans were originally taken out are not removed retrospectively.

Unregulated mortgages which were originated before 31 October 2004, remain unregulated and are not regulated by virtue of the implementation of the Mortgage Credit Directive Order.

Credit agreements which were originated before 21 March 2016 which were regulated by the CCA and that would have been regulated mortgage contracts had they been entered into on or after 21 March 2016 are defined by the Mortgage Credit Directive Order as "consumer credit back book mortgage contracts" and would also therefore be Regulated Mortgage Contracts (**Consumer Credit Back Book Mortgage Contracts**). The main CCA consumer protection retained in respect of consumer credit back book mortgage contracts is the continuing unenforceability of the agreement if it was rendered unenforceable by the CCA prior to 21 March 2016. Unless the agreement was irredeemably unenforceable, the lender may enforce the agreement by seeking a court order or decree or bringing any relevant period of non-compliance with the CCA to an end in the same manner as would have applied if the agreement was still regulated by the CCA. If a consumer credit back book mortgage contract was void as a result of section 56(3) of the CCA, that agreement or the relevant part of it will remain void. Restrictions on early settlement fees will also be retained. If interest was not chargeable under a consumer credit back book mortgage contract due to non-compliance with section 77A of the CCA (duty to serve an annual statement) or section 86B of the CCA (duty to serve a notice of sums in arrears (**NOSIA**)), once the consumer credit back book mortgage contract is regulated by FSMA under the Mortgage Credit Directive Order as of 21 March 2016, the sanction of interest not being chargeable under section 77A of the CCA and section 86D of the CCA ceases to apply, but only for interest payable under those loans after 21 March 2016. A consumer credit back book mortgage contract will also be subject to unfair relationship provisions described below. Certain provisions of MCOB are applicable to these consumer credit back book mortgage contracts. These include the rules relating to disclosure at the start of a contract and post-sale disclosure (MCOB 7), charges (MCOB 12) and arrears, payment shortfalls and repossessions (MCOB 13). General conduct of business standards will also apply (MCOB 2).

If any of the Loans are in fact Consumer Credit Back Book Mortgage Contracts, the regulatory regime may result in adverse effects on the enforceability of certain Loans and consequently the Issuer's ability to make payment in full on the Notes when due.

Regulation of buy-to-let mortgages

Buy-to-let mortgage loans can fall under several different regulatory regimes. They can be:

- unregulated;
- regulated by the Consumer Credit Act 1974 (the **CCA**) as a regulated credit agreement – as defined by article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the **RAO**) (a **Regulated Credit Agreement**);
- regulated by the Financial Services and Markets Act 2000 (the **FSMA**) as a regulated mortgage contract – as defined by article 61 RAO) (a **Regulated Mortgage Contract**); or

- regulated as a consumer buy-to-let mortgage contract under the consumer buy-to-let regime – as defined by the Mortgage Credit Directive Order 2015 (a **Consumer Buy-to-Let Loan**).

The Portfolio comprises Loans that the Seller believes are either unregulated or Regulated Mortgage Contracts. If any of the Loans are in fact Regulated Credit Agreements, then breach of the relevant regulations could give rise to a number of consequences (as applicable), including but not limited to: unenforceability of the Loans, interest payable under the Loans being irrecoverable for certain periods of time, or borrowers being entitled to claim damages for losses suffered and being entitled to set off the amount of their claims against the amount owing by the borrower under the Loans, all of which may adversely affect the ability of the Issuer to make payments in full on the Notes when due. A loan will not be a Consumer Buy-to-Let Loan unless it was originated on or after 21 March 2016 and no Buy-To-Let Loan was originated on or after 21 March 2016.

Unregulated buy-to-let mortgage loans

Many buy-to-let mortgage loans will be unregulated because they do not meet the criteria for a Regulated Credit Agreement, Regulated Mortgage Contract or Consumer Buy-to-Let Loan. There are, however, still a number of regulated activities that apply to some unregulated buy-to-let mortgage loans. These activities are debt administration and debt collection but the Issuer does not have to be authorised to carry out these activities. Both the ALBA 2006 Servicer and the ALBA 2015 Servicer have debt administration and debt collection permissions.

Changes to mortgage regulation and to the regulatory structure in the United Kingdom

In December 2011, the FSA published a consultation paper that consolidates proposals arising out of its wide-ranging mortgage market review, which was launched in October 2009 to consider strengthening rules and guidance on, *inter alia*, affordability assessments, product regulation, arrears charges and responsible lending. The FSA's aim was to ensure the continued provision of mortgage credit for the majority of borrowers who can afford the financial commitment of a mortgage, while preventing a re-emergence of poor lending practices as the supply of mortgage credit in the market recovers. In October 2012, the FSA published a feedback statement and final rules that generally came into force on 26 April 2014 with transitional arrangements where, among other things, the borrower does not take on additional borrowing. These rules have, for example, imposed more stringent requirements on lenders to assess the affordability of a loan made to a borrower and to verify the income of a borrower.

In relation to interest-only loans that are not buy-to-let loans, the mortgage market review introduced rules that require relevant institutions, with effect from 26 April 2014, to obtain evidence (with permitted exceptions) that a borrower will have in place a clearly understood and credible payment strategy and that the payment strategy has the potential to repay the principal at the end of the term of an interest-only loan.

The FCA started to track firms' progress towards implementation of the mortgage market review from the second quarter of 2013 and: (i) in June 2015 published a report following a thematic review concerning the quality and suitability of mortgage advice provided by firms; and (ii) began a further thematic review on responsible lending in April 2015, on which it reported in May 2016. In December 2016, it launched a market study focusing on consumers' ability to make effective choices in the first charge residential mortgage market, on which it produced an interim report in May 2018 and a final report in March 2019 (see "*Mortgage Prisoners*" below). This is in addition to regulatory reforms being made as a result of the implementation of the Mortgage Credit Directive from 21 March 2016 (see "*Risk Factors – Regulation of residential secured lending (other than Regulated Mortgage Contracts)*"). It is possible that further changes may be made to the FCA's MCOB rules as a result of these reviews and other related future regulatory reforms. To the extent that the new rules do apply to any of the Loans, failure to comply with these rules may entitle a Borrower to claim damages for loss suffered or set-off the amount of the claim against the amount owing under the Loan. Any such claim or set-off may reduce the amounts available to meet the payments due in respect of the Notes.

Any further changes to MCOB arising from the FCA's mortgage market review, or to MCOB or the FSMA arising from HM Treasury's proposals to change mortgage regulation or changes in the regulatory structure, may adversely affect the Loans, the ALBA 2015 Legal Title Holder, the ALBA 2006 Legal Title Holder, the Issuer, the ALBA 2015 Servicer, the ALBA 2006 Servicer and their respective businesses and operations.

Unfair Relationships

Under the Consumer Credit Act 1974, the "extortionate credit" regime was replaced by an "unfair relationship" test. The "unfair relationship" test applies to all existing and new credit agreements, except Regulated Mortgage Contracts under the FSMA and also applies to (as described above) "consumer credit back book mortgage contracts". If the court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order, among other things, requiring the Originator, or any assignee such as the Issuer, to repay amounts received from such borrower. In applying the "unfair relationship" test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the conduct of the creditor (or anyone acting on behalf of the creditor) before and after making the agreement. There is no statutory definition of the word "unfair" in the CCA as the intention is for the test to be flexible and subject to judicial discretion and it is therefore difficult to predict whether a court would find a relationship "unfair". However, the word "unfair" is not an unfamiliar term in UK legislation due to the UTCCR (as defined below). The courts may, but are not obliged to, look solely to the CCA for guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the FSA and, as of 1 April 2013, the FCA on that principle and by the OFT on the unfair relationship test, may also be relevant. Under the CCA, once the debtor alleges that an "unfair relationship" exists, the burden of proof is on the creditor to prove the contrary.

Plevin v Paragon [2014] UKSC 61, a Supreme Court judgment, has clarified that compliance with the relevant regulatory rules by the creditor (or a person acting on behalf of the creditor) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules.

If a court determines that there was an unfair relationship between the Lender and the Borrowers in respect of the Loans and orders that financial redress be made in respect of such Loans, such redress may adversely affect the ultimate amount received by the Issuer in respect of the relevant Loans and the realisable value of the Portfolio and/or the Issuer's ability to make payment in full on the Notes when due.

Repossessions policy

In June 2010, the FSA made changes to MCOB which effectively converted previous guidance on the policies and procedures to be applied by authorised firms (such as the Servicer) with respect to forbearance in the context of Regulated Mortgage Contracts into formal mandatory rules. Under these rules, a firm is restricted from repossessing a property unless all other reasonable attempts to resolve the position have failed and, in complying with such restriction, a firm is required to consider whether, given the borrower's circumstances, it is appropriate to take certain actions. Such actions refer to (among other things) the extension of the term of the mortgage, product type changes and deferral of interest payments. While the FSA indicated that it did not expect each forbearance option referred to in these rules to be explored at every stage of interaction with the borrower, it is clear that these rules impose mandatory obligations on firms without regard to any relevant contractual obligations or restrictions which the relevant loan may be subject to as a result, inter alia, of such loan being contained within a securitisation transaction. As a result, the rules may operate in certain circumstances to require the Servicer to take certain forbearance-related actions (which may not have been contemplated as at the date of this Prospectus

The Mortgage Repossession (Protection of Tenants etc.) Act 2010 (the "**Repossession Act 2010**") came into force on 1 October 2010. The Repossession Act 2010 gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on application by an unauthorised tenant (i.e. a

tenant in possession without the lender's consent) as generally exists on application by an authorised tenant. The lender has to serve notice at the property before enforcing a possession order.

Part I of the Home Owner and Debtor Protection (Scotland) Act 2010 (the "**HODPA 2010 Act**") came into force on 30 September 2010 and imposes additional requirements on heritable creditors (the Scottish equivalent of a mortgagee) in relation to the enforcement of standard securities over residential property in Scotland. Under Part I of the 2010 Act, the heritable creditor, which may be the relevant Legal Title Holder or, in the event of it taking legal title to the Scottish Loans and their Related Security, the Issuer, has to obtain a court order to exercise its power of sale (in addition to initiating the enforcement process by the service of a two-month "calling up" notice), unless the borrower and any other occupiers have surrendered the property voluntarily. In applying for the court order, the heritable creditor also has to demonstrate that it has taken various preliminary steps to attempt to resolve the borrower's position, and comply with further procedural requirements

The protocol in the Repossession Act 2010, the HODPA 2010 Act and the MCOB requirements for mortgage possession cases may have adverse effects in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Loans may result in delayed or lower recoveries and a lower repayment rate on the Notes.

Investors should note, as at the date of this Prospectus, the FCA's guidance to firms, as described in the section entitled "*Mortgages and coronavirus: FCA guidance for firms*" below in response to the COVID-19 outbreak in the UK, that firms should not commence or continue repossession proceedings against customers before 31 October 2020. This applies irrespective of the stage that repossession proceedings have reached and to any step taken in pursuit of repossession. Where a possession order has already been obtained, firms should refrain from enforcing it.

Mortgages and coronavirus: FCA guidance for firms

On 20 March 2020 the FCA published new guidance for, inter alia, mortgage lenders and administrators entitled "*Mortgages and coronavirus: FCA guidance for firms*", in connection with the on-going outbreak of COVID-19 in the UK. This guidance was updated on 4 June 2020 and again on 16 June 2020 (the "**FCA COVID-19 Guidance**"). The updated guidance uses the term "payment deferrals" as opposed to "payment holidays". Amongst other things, this guidance provides that mortgage lenders are required, where a customer is experiencing or reasonably expects to experience payment difficulties as a result of circumstances relating to COVID-19, and wishes to receive a payment deferral, to grant a customer a full or partial payment deferral for 3 monthly payments, unless the mortgage lender can demonstrate it is obviously not in a customer's best interests. A request for a full or partial payment deferral for 3 monthly payments may be made by a customer at any time until 31 October 2020 when the current guidance expires.

Where the FCA guidance has not expired and a customer (whether it is given an initial payment deferral under the original 20 March 2020 guidance or the updated June 2020 guidance) indicates they cannot immediately resume full payments at the end of that initial payment deferral, mortgage lenders are required to offer them a further full or partial payment deferral (where the mortgage lender permits the customer to make reduced payments of any amount) for (a further) 3 monthly payments, based on what the customer considers they can then afford to repay provided that such initial payment deferral expires, and the request for an extension is made prior to 31 October 2020 and further provided that no such payment deferral or extension to any initial payment deferral granted pursuant to the FCA guidance extends beyond 31 January 2021. A mortgage lender may not refuse to grant the customer such further payment deferral in such circumstances unless it can demonstrate that such a payment deferral is obviously not in the customer's best interests and a different option is more appropriate. The effect of this is that mortgage lenders could be required to give customers payment deferral of up to 6 monthly payments.

Interest will continue to accrue on the sum temporarily unpaid as the result of a payment deferral, however no additional fee or charge may be levied. Any missed payments arising under such payment deferrals will

not constitute arrears and will not be reported as such to Noteholders (for the avoidance of doubt, except in relation to loans that were in arrears when the payment deferral was granted, for which the arrears accrued before the start of the payment deferral period will continue to be reported as arrears, but the missed payments during the payment deferral period will not be treated as an increase in arrears).

In addition, the FCA's guidance provides that firms should not commence or continue repossession proceedings against customers before 31 October 2020, irrespective of the stage that repossession proceedings have reached and of any step taken in pursuit of repossession. Where a possession order has already been obtained, the FCA COVID-19 Guidance states that firms should refrain from enforcing it. The only exception to delaying proceedings is where a customer has specifically requested that the repossession proceedings continue.

The FCA makes clear in the FCA COVID-19 Guidance that it expects lenders of both owner-occupied and buy to let mortgage loans to act in a manner consistent with the guidance.

Increased levels of payment deferrals and enforcement moratoriums may result in a reduction of funds available to the Issuer to meet its obligations under the Notes. Nor can there be any assurance that the FCA, or other UK government or regulatory bodies, may not take further steps in response to the COVID-19 outbreak in the UK which may impact the performance of the Loans, including further amending and extending the scope of the above guidance. If the timing of the payments, as well as the quantum of such payments, in respect of the Loans is adversely affected by any of the risks described above, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes.

Non-disclosure of Broker Commissions

Certain of the Loans may also have been originated through intermediaries, including mortgage brokers and mortgage advisers. In line with market practice, the Originators paid commission to such intermediaries in consideration for such activities in the form of a procurator fee. The standard loan offer documents for the majority of such Loans specified the fact and amount of commission, however a small number of the standard loan offer documents of such other Loans were silent as to broker commissions.

Where only the existence but not the amount of the commission was disclosed to a Borrower then, depending on the circumstances of the case, that Borrower may have a claim against the relevant Legal Title Holder of the affected Loan. If such claim was successful, it is likely that a court would order payment to such Borrower of the amount of commission paid in respect of the affected Loan together with interest on that amount (although the court does have discretion as to the remedy that it would award the Borrower in the circumstances), whereas the award is likely to be greater where there was a failure to disclose the existence of the commission to a Borrower.

Automatic capitalisation

On 24 April 2017, the FCA issued a finalised guidance relating to issues arising from automatic capitalisation, in particular cases where lenders both add arrears to an account balance (and as a result readjust the amount of regular payments due under the loan) and keep a separate record of the borrower's arrears and seek separate (and additional) payment of those. In the finalised guidance, the FCA state that they expect FCA authorised firms to ensure this practice ceases and to carry out remediation. The review period for remediation begins from 25 June 2010 and the FCA expects all remediation programmes to be concluded by 30 June 2018.

The FCA have proposed a framework for remediation and in broad terms the FCA expect borrowers to be compensated for any incorrectly charged fees and interest and where fees have been paid by the customer, simple interest of 8% p.a. and simple interest of 8% on any "overpayments", i.e. any actual payments of monthly payments in excess of those which would have been required to pay off the arrears had there been no automatic capitalisation. Firms using the remediation framework will only reconstitute mortgage

accounts where at least one automatic capitalisation resulted in an additional payment greater than £10 per month. Use of the framework is not mandatory, but the FCA expects firms to determine a remediation approach to achieve fair outcomes for the affected customers.

If any remediation is required or Borrowers bring claims in connection with their Loans in respect of an automatic capitalisation, such remediation and claims and any set-off by Borrowers in respect of such claims against the amount due by the Borrowers under the relevant Loans, may adversely affect the ultimate amount received by the Issuer in respect of the relevant Loans, and the realisable value of the Portfolio and/or the ability of the Issuer to make payments under the Notes.

Distance Marketing

In the United Kingdom, the Financial Services (Distance Marketing) Regulations 2004 apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by a "consumer" within the meaning of the regulations means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower). The regulations (and MCOB in respect of activities related to Regulated Mortgage Contracts) require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound by a distance contract for the supply of the financial services in question and includes, but is not limited to, general information in respect of the supplier and the financial service, contractual terms and conditions, and whether or not there is a right of cancellation.

A Regulated Mortgage Contract under the FSMA, if originated by a UK lender from an establishment in the UK, will not be cancellable under these regulations but will be subject to related pre-contract disclosure requirements in MCOB. Certain other credit agreements will be cancellable under these regulations if the borrower does not receive the prescribed information at the prescribed time, or in any event for certain unsecured lending. Where the credit agreement is cancellable under these regulations, the borrower may send notice of cancellation at any time before the end of the 14th day after the day on which the cancellable agreement is made, where all the prescribed information has been received or, if later, the borrower receives the last of the prescribed information.

Compliance with the regulations may be secured by way of injunction (interdict in Scotland), granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the regulations may render the supplier or intermediaries (and their respective relevant officers) liable to a fine. Failure to comply with MCOB rules could result in, *inter alia*, disciplinary action by the FCA and possible claims under Section 138D of the FSMA for breach of FCA rules.

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

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

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

Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and the Consumer Rights Act 2015

In the UK, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the "**1999 Regulations**"), and (in so far as applicable) the Unfair Terms in Consumer Contracts Regulation 1994 (together with the 1999 Regulations, (the "**UTCCR**")), apply to business-to-consumer agreements made on or after 1 July 1995 and before 1 October 2015 where the terms have not been individually negotiated (and the "consumer" for these purposes falls within the definition provided in the UTCCR). The Consumer Rights Act 2015 (the "**CRA**") has revoked the UTCCR in respect of contracts made on or after 1 October 2015.

The UTCCR and the CRA provide that a consumer (which would include a borrower under all or almost all of the Loans) may challenge a term in an agreement on the basis that it is "unfair" within the UTCCR or the CRA as applicable and therefore not binding on the consumer (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term) and provide that a regulator may take action to stop the use of terms which are considered to be unfair.

The UTCCR will not generally affect terms which define the main subject matter of the contract, such as the borrower's obligation to repay the principal, provided that these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention. The UTCCR may affect terms that are not considered to be terms which define the main subject matter of the contract, such as the lender's power to vary the interest rate and certain terms imposing early repayment charges and mortgage exit administration fees. For example, if a term permitting the lender to vary the interest rate (as the Seller is permitted to do) is found to be unfair, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower under the loan or any other loan agreement that the borrower has taken with the lender (or exercise analogous rights in Scotland). Any such non recovery, claim or set off may adversely affect the Issuer's ability to make payments on the Notes.

In July 2019, the FCA and the Competition and Markets Authority (the "**CMA**") entered into a memorandum of understanding in relation to consumer protection (the "**MoU**") which replaced the original memorandum of understanding entered into between the FCA and the CMA on 12 January 2016. The MoU states that the FCA will consider fairness within the meaning of the CRA and the UTCCR, of standard terms, and within the meaning of the CRA of negotiated terms, in financial services contracts entered into by authorised firms or appointed representatives and within the meaning of the Consumer Protection from Unfair Trading Regulations 2008 (the "**CPUTR**"), of commercial practices in financial services and claims management services of an authorised firm or appointed representative. In the MoU 'authorised' includes having an interim permission and a 'relevant permission' includes an interim permission.

The FCA's consideration of fairness under the CRA, UTCCR and CPUTR will include contracts for:

- mortgages and the selling of mortgages;
- insurance and the selling of insurance;
- bank, building society and credit union accounts;
- life assurance;
- pensions;
- investments;
- consumer credit;

- consumer hire;
- other credit related regulated activities; and
- claims management services.

MCOB rules for Regulated Mortgage Contracts require that, (a) charges for a payment shortfall can be objectively justified as equal to or lower than a reasonable calculation of the cost of the additional administration required as a result of the customer having a payment shortfall, and (b) from 15 December 2016, when a payment is made which is not sufficient to cover a payment shortfall and the firm is deciding how to allocate the payment between (i) the current month's periodic instalment of capital or interest (or both), (ii) the payment shortfall; and (iii) interest or charges resulting from the payment shortfall, the firm must set the order of priority in a way that will minimise the amount of the payment shortfall once the payment has been allocated. In October 2010, the FSA issued a statement that, in its view, early repayment charges are likely to amount to the price paid by the borrower in exchange for services provided and may not be reviewable for fairness under the UTCCR, provided that they are written in plain and intelligible language and are adequately drawn to the borrower's attention. In January 2012, the FSA issued a further statement intended to raise awareness of issues that it commonly identifies under the UTCCR (such statement has since been withdrawn – see below).

In July 2012, the Law Commission and the Scottish Law Commission launched a consultation in order to review and update the recommendations set out in their 2005 Report on Unfair Terms in Contracts. In March 2013, the Law Commission and the Scottish Law Commission published its advice, in a paper entitled "Unfair Terms in Consumer Contracts: Advice to the Department for Business, Innovation and Skills". This advice paper repeated the recommendation from the 2005 Report on Unfair Terms in Contracts that the Unfair Contract Terms Act 1977 and the UTCCR should be consolidated, as well as providing new recommendations, including extending the protections of unfair terms legislation to notices and some additions to the "grey list" of terms (as included in Schedule 2 of the CRA) which are indicatively unfair. The Law Commission and the Scottish Law Commission also recommended that the relevant legislation should expressly provide that, in proceedings brought by consumers, the court is required to consider the fairness of the term, even if the consumer has not raised the issue, where the court has available to it the legal and factual elements necessary for that task. Such reforms are included in the CRA.

Historically the OFT, FSA and FCA (as appropriate) have issued guidance on the UTCCR. This has included: (i) OFT guidance on fair terms for interest variation in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on fairness of terms in consumer contracts dated May 2005; (iii) an FSA statement of good practice on mortgage exit administration fees dated January 2007; and (iv) FSA finalised guidance on unfair contract terms and improving standards in consumer contracts dated January 2012.

On 2 March 2015, the FCA updated its online unfair contract terms library by removing some of its material (including the abovementioned guidance) relating to unfair contract terms. The FCA stated that such material "no longer reflects the FCA's views on unfair contract terms" and that firms should no longer rely on the content of the documents that have been removed.

The broad and general wording of the UTCCR and the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the UTCCR may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Loans entered into between 1 July 1995 and 30 September 2015 is found to be unfair for the purpose of the UTCCR and the CRA, this may reduce the amounts available to meet the payments due in respect of the Notes.

On 19 December 2018, the FCA published finalised guidance: "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (FG 18/7), outlining factors the FCA consider firms should have regard to when drafting and reviewing variation terms in consumer contracts. This follows developments in case law, including at the Court of Justice of the EU. The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA stated that firms should consider both this guidance and other rules that apply when they draft and use variation terms in their consumer contracts. The FCA stated that the finalised guidance will apply to FCA authorised persons and their appointed representative in relation to any consumer contracts which contain variation terms.

The Unfair Contract Terms and Consumer Notices Regulation Guide (UNFCOG in the FCA handbook) explains the FCA's policy on how it uses its powers under the CRA and the CMA published guidance on the unfair terms provisions in the CRA on 31 July 2015 (the **CMA Guidance**). The CMA indicated in the CMA Guidance that the fairness and transparency provisions of the CRA are regarded to be "effectively the same as those of the UTCCR". The document further notes that "the extent of continuity in unfair terms legislation means that existing case law generally, and that of the Court of Justice of the European Union particularly, is for the most part as relevant to the Act as it was the UTCCRs".

In general, there is little reported case law on the UTCCR and/or the CRA and the interpretation of each is open to some doubt. The broad and general wording of the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Loans entered into on or after 1 October 2015 is found to be unfair for the purpose of the CRA, this may reduce the amounts available to meet the payments due in respect of the Notes. No assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Beneficial Title Seller, the Issuer and/or the Servicer and their respective businesses and operations. There can be no assurance that any such changes (including changes in regulators' responsibilities) will not affect the Loans.

Financial Ombudsman Service

Under the FSMA, the Financial Ombudsman Service (the "**Ombudsman**"), an independent adjudicator, is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance, rather than making determinations strictly on the basis of compliance with law.

Complaints properly brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman. As the Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a monetary award to a complaining borrower, it is not possible to predict how any future decision of the Ombudsman would affect the ability of the Issuer to make payments to Noteholders.

Consumer Protection from Unfair Trading Regulations 2008

On 11 May 2005, the European Parliament and Council adopted a directive on unfair business-to-consumer commercial practices (the "**Unfair Practices Directive**"). Generally, this directive applies full harmonisation, which means that Member States may not impose more stringent provisions in the fields to which full harmonisation applies. By way of exception, the Unfair Practices Directive permits Member States to impose more stringent provisions in the fields of financial services and immovable property, such as mortgage loans.

The Unfair Practices Directive provides that enforcement bodies may take administrative action or legal proceedings against a commercial practice on the basis that it is "unfair" within the Unfair Practices Directive. The Unfair Practices Directive is intended to protect only collective interests of consumers, and so is not intended to give any claim, defence or right of set off to an individual consumer.

The Unfair Practices Directive was implemented into United Kingdom law through the Consumer Protection from Unfair Trading Regulations 2008 ("CPUTRs"), which came into effect on 26 May 2008. The CPUTR prohibit certain practices which are deemed "unfair" within the terms of the CPUTR. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but is a criminal offence punishable by a fine and/or imprisonment. The possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreements may result in irrecoverable losses on amounts to which such agreements apply. The CPUTR do not provide consumers with a private act of redress. Instead, consumers must rely on existing private law remedies based on the law of misrepresentation and duress. The Consumer Protection (Amendment) Regulations 2014 (SI No.2014/870) was laid before Parliament on 1 April 2014 and came into force on 1 October 2014. These amendments to the CPUTR give consumers a right to redress for misleading or aggressive commercial practices (as defined in the CPUTR), including a right to unwind agreements.

The Unfair Practices Directive provided for a transitional period until 12 June 2013 for the application of full harmonisation in the fields to which it applies. In March 2013, the European Commission published a report on the application of the Unfair Practices Directive, which indicated (among other things) that there is no case for further harmonisation in the fields of financial services and immovable property. No assurance can be given that the implementation of the Unfair Practices Directive into law in the UK and any further harmonisation will not have a material adverse effect on the Loans or the manner in which they are serviced and accordingly on the ability of the Issuer to make payments to Noteholders.

Mortgage Prisoners

The FCA are aware that there are some consumers who cannot switch to a more affordable mortgage despite being up to date with their mortgage payments. This includes those who can't switch because of changes to lending practices during and after the 2008 financial crisis and subsequent regulation that tightened lending standards – often called 'mortgage prisoners'.

Under Policy Statement PS19/27 which came into effect on 28 October 2019, the FCA have amended their responsible lending rules and guidance to help remove potential barriers to consumers switching to a more affordable mortgage and to reduce the time and costs of switching for all relevant consumers. The changes will mean that mortgage lenders can choose to carry out a modified affordability assessment where a consumer has a current mortgage, is up-to-date with their mortgage payments (and has been for the last 12 months), does not want to borrow more, other than to finance any relevant product, arrangement or intermediary fee for that mortgage and is looking to switch to a new mortgage deal on their current property. Further, inactive lenders and administrators acting for unregulated entities (such as the Issuer), must review their customer books and develop and implement a communication strategy for contacting relevant consumers to tell them it could be simpler for them to remortgage. The communication exercise must be completed by 1 December 2020.

The modification of the responsible lending rules should make it easier for a borrower who is a mortgage prisoner to switch to a new lender and this, together with the proposed notification obligations, could increase redemption rates where there are a significant number of mortgage prisoners held by a lender.

The 1 May 2020 FCA COVID-19 letter

On 1 May 2020, the FCA published a letter to mortgage lenders and administrators managing closed mortgage books. In view of the financial challenges facing some mortgage borrowers as a result of coronavirus (COVID-19), the FCA are asking firms with customers who took out mortgages with higher risk characteristics before the financial crisis to review the interest rates charged to such customers as a matter of

urgency. This is to ensure that, in line with the FCA Handbook requirements such as PRIN 6 and MCOB 12.5, customers on variable rates of interest are being treated fairly. The FCA states that firms should review their rates to consider whether they are consistent with the obligation to treat customers fairly in the light of the exceptional circumstances arising out of coronavirus. Firms should also ensure that they do not pose unjustifiable burdens, especially on customers who may be experiencing temporary payment difficulties or may not be able to switch to another lender. If applicable, as a result of receiving this letter the FCA expects lenders to critically review their variable rates of interest against their funding costs, contracts terms and any other factors that may apply and take any necessary action.

Variable interest rates administered by the Servicer were reduced following Bank of England base rate cuts in March 2020 and the Servicer subsequently reviewed its variable interest rates in accordance with the FCA letter.

FCA Consultation on mortgages: Removing barriers to intra-group switching and helping borrowers with maturing interest-only and part-and-part mortgages

In July 2020, the FCA published consultation paper CP20/13, where they are looking for responses by 8 September 2020. In this consultation paper they present proposed temporary guidance which would apply to interest-only and part-and-part mortgage borrowers who are up-to-date with payments (this includes borrowers who have missed payments due to a previous or current mortgage payment deferral under our temporary guidance) whose mortgages have matured, or are maturing, between 20 March 2020 (the date of the FCA temporary coronavirus guidance) and 31 October 2021. The FCA propose that if these borrowers continue to make interest payments they should be allowed to delay repayment of the capital on their mortgage up to 31 October 2021. Borrowers could still choose to proceed with repayment. The FCA expect that many borrowers would opt to repay the capital when it becomes due.

There are 54 Loans (£5,674,378.23) with a maturity date between 20 March 2020 and 31 October 2021. 42 of those (£5,651,906.74) are interest only or part & part Loans. 39 of those (£5,204,639.37) are interest only or part & part and performing (< 1 month in arrears). If the FCA choose to enact this draft guidance and a significant number of relevant borrowers take the opportunity to delay repayment this would affect redemption rates which in turn could affect the amounts available to make payments under the Notes when due.

Land Registration Reform in Scotland

The Land Registration etc. (Scotland) Act 2012 (the "**2012 Act**") received royal assent on 8 December 2014. One of the policy aims of the 2012 Act is to encourage the transfer of property titles recorded in the historic General Register of Sasines to the more recently established Land Register of Scotland with the aim of eventually closing the General Register of Sasines.

Previously, title to a residential property that was recorded in the General Register of Sasines would usually only require to be moved to the Land Register of Scotland (a process known as 'first registration') when that property was sold or if the owner decided voluntarily to commence first registration. However, the 2012 Act provides additional circumstances which will trigger first registration of properties recorded in the General Register of Sasines, including (i) the recording of a standard security (which will extend to any standard security granted by the Issuer in favour of the Security Trustee over Scottish Mortgages in the Portfolio recorded in the General Register of Sasines, pursuant to the terms of the Deed of Charge following a Perfection Event (a "**Scottish Sasine Sub-Security**")) or (ii) the recording of an assignation of a standard security (which would extend to any assignation granted by a Legal Title Holder in favour of the Issuer in respect of Scottish Mortgages in the Portfolio recorded in the General Register of Sasines, pursuant to the terms of a Servicing Agreement following a Perfection Event (a "**Scottish Sasine Transfer**")).

The relevant provisions of the 2012 Act relating to the recording of standard securities came into force on 1 April 2016 (the "**Commencement Date**"). As of this date, the General Register of Sasines is now closed to

the recording of securities. Despite the provisions of the 2012 Act mentioned above, for the time being, other deeds such as assignments of standard securities (including Scottish Sasine Transfers) will continue to be accepted in the General Register of Sasines indefinitely; although the Registers of Scotland have reserved the right to consult further on this issue in the future.

In addition, the 2012 Act introduced provision for the keeper of the Land Register of Scotland to transfer a property title currently registered in the General Register of Sasines to the Land Register of Scotland without an application from the borrower ("**Keeper Induced Registrations**"). Registers of Scotland have now introduced Keeper Induced Registrations in certain counties for both publicly and privately owned properties and have published a list of affected postcodes on its website.

If a Perfection Event occurs then an application to record a Scottish Sasine Sub-Security in relation to Scottish Mortgages in the Portfolio (following the transfer of legal title to such Scottish Mortgages by way of a Scottish Sasine Transfer) could trigger a first registration in the Land Register of Scotland of the underlying Scottish Properties secured by the relevant Scottish Mortgages.

The impact of these changes to the Scottish land registration system is unlikely to be of material detriment to the Security Trustee or to the Noteholders for the following reasons: (i) whilst these changes are likely to prolong completion of the registration process where a first registration is required, Registers of Scotland policy is to take a pragmatic view where possible and not to burden parties (such as the Issuer, Security Trustee or the Borrower who owns the underlying Scottish Property) with unreasonable or arbitrary costs and in particular the statutory fee for a first registration has been waived where its purpose is the granting of a standard security, which would keep the statutory cost of registering a Scottish Sasine Sub-Security in line with current statutory costs; and (ii) whilst the prolonged registration process is likely to be of practical inconvenience to the Security Trustee and the Noteholders, the validity and effectiveness of any Scottish Sasine Sub-Security would be unaffected by the change to the registration system (and the relevant Scottish Mortgages would in any event continue to be covered by the floating charge granted by the Issuer under the Deed of Charge). However, it is not unlikely that, were a Perfection Event to occur, the parties involved may still encounter increased legal and other third party costs relating to the first registration process and additional administrative burden.

As noted above, no indication has been given as to when or if the above provisions may be extended to other types of dealing with a standard security, such as assignments. However, if the General Register of Sasines becomes closed to assignments of standard securities under the same provisions at any time subsequent to the Closing Date then this would also have an impact on (a) the registration of the legal title transfers by the ALBA 2015 Legal Title Holder in favour of a substitute legal title holder of Scottish Mortgages which secure ALBA 2015 Loans and (b) the registration of Scottish Sasine Transfers executed following a Perfection Event in a manner similar to Scottish Sasine Sub-Securities, with the probability of higher legal costs and a longer period required to complete registration than would currently be the case.

Given that the proportion of residential properties in Scotland which remain recorded in the General Register of Sasines continues to decline (Registers of Scotland estimated that in April 2019 around 67% of property titles in Scotland were registered in the Land Register of Scotland), it is likely that, in relation to the current Portfolio where 4.75 per cent. of the Provisional Portfolio by aggregate Current Balance of the Loans are Scottish Loans, only a minority of the Scottish Mortgages will be recorded in the General Register of Sasines.

The Renting Homes (Wales) Act 2016

The Renting Homes (Wales) Act 2016 (the Renting Homes Act) received royal assent on 18 January 2016 but has not yet been brought fully into force. This Act will convert the majority of residential tenancies in Wales into a 'standard contract' with retrospective effect when it has been brought fully into force, however some tenancies will not be converted with retrospective effect (including those which have Rent Act protection and tenancies for more than 21 years).

The Renting Homes Act (which only has effect in Wales) does not contain an equivalent mandatory ground for possession that a lender had under the HA 1988 where a property was subject to a mortgage granted before the beginning of the tenancy and the lender required possession in order to dispose of the property with vacant possession.

The Renting Homes Act may result in lower recoveries in relation to buy-to-let mortgage loans over Properties in Wales and may affect the ability of the Issuer to make payments under the Notes.

Assured Shorthold Tenancy (AST)

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

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

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

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

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

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

Currently, however, there is a risk that where:

- (i) a long lease is also an AT/AST due to the level of the ground rent;
- (ii) the tenant is in arrears of ground rent for more than 3 months;
- (iii) the landlord chooses to use the HA 1988 route to seek possession under Ground 8; and
- (iv) the tenant does not manage to reduce the arrears to below 3 months' ground rent by the date of the court hearing,

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

In Scotland, the corresponding provisions of the Housing (Scotland) Act 1988 that govern assured tenancies and short assured tenancies (being broadly the Scottish equivalent of ATs and ASTs in England and Wales) do not apply to long leases in respect of residential property in Scotland that are capable of being registered in the Registers of Scotland and secured by a standard security.

Private Housing (Tenancies) (Scotland) Act 2016

The Private Housing (Tenancies) (Scotland) Act 2016 came into force on 1 December 2017. Existing assured tenancies and short assured tenancies in place before 1 December 2017 will continue until brought to an end or converted. Each qualifying tenancy agreement from 1 December 2017 will be a "private residential tenancy" which will (except in a limited number of exceptions) provide tenants with security of tenure by restricting a landlord's ability to regain possession of the property to a number of specific eviction grounds.

Accordingly, a lender or security holder may not be able to obtain vacant possession if it wishes to enforce its security unless one of the specific eviction grounds under the legislation applies. It should be noted though that one of the mandatory grounds on which an eviction order can be sought is that a lender or security holder intends to sell the property and requires the tenant to leave the property in order to dispose of it with vacant possession. The effect of this legislative change will primarily be restricted to any buy-to-let loans secured over a property in Scotland.

Energy Efficiency Regulations 2015

From 1 April 2018, landlords of relevant domestic properties in England and Wales may not grant a tenancy to new or existing tenants if their property has an EPC rating of band F or G (as shown on a valid Energy Performance Certificate for the property) and from 1 April 2020, landlords must not continue letting a relevant domestic property which is already let if that property has an EPC rating of band F or G (as shown on a valid Energy Performance Certificate for the property). In both cases described above this is referred to in the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (the "**Energy Efficiency Regulations 2015**") as the prohibition on letting substandard property. Where a landlord wishes to continue letting property which is currently substandard, they will need to ensure that energy efficiency improvements are made which raise the EPC rating to a minimum of E. In certain circumstances landlords may be able to claim an exemption from this prohibition on letting sub-standard property; this includes situations where the landlord is unable to obtain funding to cover the cost of making improvements, or where all improvements which can be made have been made, and the property remains below an EPC rating of Band E. Local authorities will enforce compliance with the domestic minimum level of energy efficiency. They may check whether a property meets the minimum level of energy efficiency, and may issue a compliance notice requesting information where it appears to them that a property has been let in breach of the Energy Efficiency Regulations 2015 (or an invalid exemption has been registered in respect of it). Where a local authority is satisfied that a property has been let in breach of the Energy Efficiency Regulations 2015 it may serve a notice on the landlord imposing financial penalties.

Similar requirements are due to apply to landlords of domestic properties in Scotland from 1 October 2020 under the Energy Efficiency (Domestic Private Rented Property) (Scotland) Regulations 2020. It should be noted that, whilst it is anticipated that these regulations will come into force on 1 October 2020, the Scottish Government has indicated that it may delay this timetable due to the global coronavirus pandemic.

Potential effects of any additional regulatory changes

In the United Kingdom and elsewhere, there is continuing political and regulatory scrutiny of the banking industry and, in particular, retail banking. In the United Kingdom, regulators such as the CMA, the PRA and the FCA (and their predecessors for example the OFT) have recently carried out, or are currently conducting, several enquiries. In recent years there have been several issues in the UK financial services industry in which these local bodies have intervened directly, including the sale of card and identity protection policies, interest rate hedging products, payment protection insurance, personal pensions and mortgage-related endowments.

No assurance can be given that additional regulatory changes by the CMA, the FCA, the Ombudsman or any other regulatory authority will not arise with regard to the mortgage market in the United Kingdom generally or specifically in relation to the Servicer or the Legal Title Holder. Any such action or developments or compliance costs may have a material adverse effect on the Seller, the Retention Holder, the Issuer, the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full on the Notes when due.

UK Government Schemes and Help to Buy Scheme not applicable

The Notes are not guaranteed by or obligations of the UK Government. Also, any investment in the Notes does not have the status of a protected claim under the UK Financial Services Compensation Scheme and accordingly, the Notes will not confer any entitlement to compensation under that scheme.

In March 2013, the UK Government announced the "Help to Buy" Scheme involving two separate proposals to assist home buyers. The first involves a shared equity loan made available by the UK Government to borrowers for the purchase of new homes. The shared equity loans were available from 1 April 2013. There are no shared equity loans included in the Portfolio. The second involves a guarantee provided by the UK Government for loans made to borrowers allowing up to a 95 per cent. loan to value ratio ("LTV"). The guarantee loans were available from 1 October 2013. The Loans in the Portfolio do not benefit from any guarantee provided under the Help to Buy Scheme and as such no Loan will have the benefit of any government guarantee or support.

WEIGHTED AVERAGE LIVES OF THE NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of principal redemption thereon. The weighted average lives of the Notes will be influenced by, among other things, the actual rate of redemption of the Loans and the quantum of Losses relating thereto and the amount of Available Revenue Receipts available to be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

The actual weighted average lives of the Notes cannot be stated as the ultimate rate of prepayment of the Loans and a number of other relevant factors are unknown. However, estimates of the possible average lives of the Notes can be made based upon certain assumptions.

The figures contained in the following tables were prepared based on, *inter alia*, the characteristics of the loans included in the Provisional Portfolio, the provisions of the Conditions and Residual Certificates Conditions (as applicable), and certain additional assumptions (the "**Modelling Assumptions**"), including:

- (a) that as of the Portfolio Cut-Off Date, the aggregate Outstanding Principal Balance of the Loans comprising the Portfolio is £250,469,244.57 and that the amortisation schedule of the Portfolio mirrors that calculated for the Provisional Portfolio as of the Portfolio Reference Date by reference to the period commencing on the Portfolio Cut-Off Date (and assuming, *inter alia*, the relevant assumptions documented below);
- (b) that the Closing Date is 24 August 2020;
- (c) that no Loans are in arrears or subject to enforcement actions and continue to perform until their redemption in full;
- (d) that no Loan is sold by the Issuer (other than, where applicable, on the Optional Redemption Date), either as a result of a repurchase by the Seller pursuant to the terms of the Mortgage Sale Agreement or otherwise;
- (e) that no Further Advances are made in respect of the Portfolio;
- (f) in the case of the table entitled "*Assuming exercise of Call Option on Optional Redemption Date*", the Notes are redeemed at their Principal Amounts Outstanding on the Optional Redemption Date;
- (g) in the case of the table entitled "*Assuming no exercise of Call Option on or after Optional Redemption Date*", the Notes are not redeemed as a result of the sale of the Portfolio, the issuance of Refinancing Notes or in any manner other than in accordance with Condition 8.3 (*Mandatory Redemption of the Notes in full*);
- (h) that 3m GBP LIBOR is equal to, and remains equal to, 0.08 per cent.;
- (i) that the Bank Base Rate is equal to, and remains equal to, 0.10 per cent.;
- (j) that the Standard Variable Rate is equal to, and remains equal to, 1.69 per cent.;
- (k) that no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
- (l) subject to paragraph (r) below, that the amortisation of any repayment Loan is calculated as an annuity loan;
- (m) that all Loans that are not repayment Loans are interest-only Loans;

- (n) that the principal collections of the Portfolio are calculated based on the individual amortisation schedule of each Loan, which takes into account an assumption as to the Loan's repayment type, interest rate as of the Portfolio Reference Date and remaining term (calculated using the Portfolio Reference Date and the maturity of each Loan);
- (o) that item (s) in the Pre-Enforcement Revenue Priority of Payments is zero at all times;
- (p) that Liquidity Reserve Fund Drawings are zero at all times;
- (q) that Principal Addition Amounts are zero at all times;
- (r) that in the case of amortisation of the Loans calculated pursuant to in paragraph (a) above such amounts are calculated based on a month of 30 days and a year of 360 days;
- (s) that each Interest Payment Date falls on 12 March, June, September or December, with the first Interest Payment Date falling on 12 December 2020;
- (t) that, as of the Closing Date, the Principal Amount Outstanding of (i) the Class A Notes represents exactly 76.50%, (ii) the Class B Notes represents exactly 7.00%, (iii) the Class C Notes represents exactly 5.00%, (iv) the Class D Notes represents exactly 3.75% (vi) the Class E Notes represents exactly 1.75% and (vii) the Class F Notes represents exactly 1.00%, of the aggregate estimated Outstanding Principal Balance of the Portfolio as of the Portfolio Cut-Off Date calculated in the manner outlined in paragraph (a) above;
- (u) that the remaining term is 1 month from the Portfolio Cut-Off Date for the Loans where the relevant Borrower has not repaid the outstanding principal amount in respect to the relevant mortgage loan on the relevant loan maturity date;
- (v) that there are no recoveries from the Shortfall Accounts;
- (w) that the Portfolio Reference Date is 30 June 2020 and the Portfolio Cut-Off Date is 31 July 2020, and as such the remaining term of the Loans are adjusted by 1 month to adjust for such difference;
- (x) that the Optional Redemption Date is 12 June 2024;
- (y) that the Final Maturity Date is March 2052 (no Loan has a final maturity beyond the date falling three years prior to the Final Maturity Date);
- (z) that the weighted average lives of the Notes are calculated on an Actual/365 day count convention; and
- (aa) that there are no COVID-19 Payment Deferral Loans.

The actual characteristics and performance of the Loans are likely to differ, perhaps materially, from the assumptions outlined herein (including the Modelling Assumptions), and the Modelling Assumptions outlined in this section do not profess to be an exhaustive list of assumptions employed.

The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows available to the Issuer might behave under various prepayment scenarios. It should be noted that the Issuer does not expect that the Loans will prepay at a constant rate until maturity, or that there will be no Losses or delinquencies on the Loans. Any difference between the Modelling Assumptions and, *inter alia*, the actual prepayment or loss experience on the Loans will affect the redemption profile of the Notes and may cause the weighted average lives of the Notes to differ (which difference could be material) from the figures in the tables for each indicated CPR.

"CPR" refers to an assumed annualised constant prepayment rate in respect of the loans and is periodicised in relation to a given Collection Period as follows:

$$1 - ((1 - R)^{(ACT/365)})$$

where "R" refers to the assumed CPR and "ACT" refers to the actual numbers of days in the relevant Collection Period (taking into account Modelling Assumption (s) above).

| Assuming exercise of Call Option on Optional Redemption Date | | | | | | |
|---|----------|----------|----------|----------|----------|----------|
| CPR | A | B | C | D | E | F |
| 0% | 3.42 | 3.80 | 3.80 | 3.80 | 3.80 | 3.80 |
| 5% | 3.03 | 3.80 | 3.80 | 3.80 | 3.80 | 3.80 |
| 6% | 2.95 | 3.80 | 3.80 | 3.80 | 3.80 | 3.80 |
| 7% | 2.88 | 3.80 | 3.80 | 3.80 | 3.80 | 3.80 |
| 10% | 2.66 | 3.80 | 3.80 | 3.80 | 3.80 | 3.80 |
| 15% | 2.32 | 3.80 | 3.80 | 3.80 | 3.80 | 3.80 |
| 20% | 2.00 | 3.80 | 3.80 | 3.80 | 3.80 | 3.80 |
| 25% | 1.71 | 3.80 | 3.80 | 3.80 | 3.80 | 3.80 |

| Assuming no exercise of Call Option on or after Optional Redemption Date | | | | | | |
|---|----------|----------|----------|----------|----------|----------|
| CPR | A | B | C | D | E | F |
| 0% | 7.48 | 11.56 | 11.68 | 11.92 | 12.22 | 12.31 |
| 5% | 5.13 | 11.08 | 11.56 | 11.56 | 11.66 | 11.81 |
| 6% | 4.77 | 10.71 | 11.52 | 11.56 | 11.56 | 11.74 |
| 7% | 4.43 | 10.43 | 11.36 | 11.56 | 11.56 | 11.56 |
| 10% | 3.60 | 9.36 | 10.40 | 11.23 | 11.56 | 11.56 |
| 15% | 2.73 | 6.92 | 8.36 | 9.84 | 10.38 | 10.62 |
| 20% | 2.14 | 5.85 | 6.69 | 7.69 | 8.67 | 9.30 |
| 25% | 1.73 | 4.85 | 5.69 | 6.50 | 7.03 | 7.50 |

For further information in relation to the risks involved in the use of the average lives estimated above, see "Risk Factors – Risks Relating to the Structure – The market continues to develop in relation to SONIA as a reference rate".

EARLY REDEMPTION OF THE NOTES PURSUANT TO THE CALL OPTION, THE RISK RETENTION REGULATORY CHANGE OPTION, THE REFINANCING CALL OPTION OR MARKET SALE

The Portfolio may be sold by the Issuer pursuant to (a) the Call Option, (b) on the occurrence of a Risk Retention Regulatory Change Event, the Risk Retention Regulatory Change Option or (c) a sale to the Winning Bidder as facilitated by the Liquidation Agent. The Issuer will undertake not to dispose of the Portfolio in any other circumstances (other than in relation to an enforcement of the Security or the repurchase of a Loan and its Related Security by the Seller pursuant to the Mortgage Sale Agreement). Further, the Issuer may, in consultation with the Option Holder and the Retention Holder, issue Refinancing Notes on or after the Optional Redemption Date. The proceeds of the Refinancing Notes will be used wholly or in part to effect a redemption in full of the Notes of each Class on the Interest Payment Date falling on or immediately following the Optional Refinancing Date.

CALL OPTION

Pursuant to and subject to the terms of the Deed Poll, the Issuer will grant to the Option Holder the following rights (collectively, the "**Call Option**"):

- (a) the right to require the Issuer to sell and transfer to the Option Holder or a Third Party Purchaser (as identified in the Exercise Notice, the "**Beneficial Title Transferee**") the beneficial title to all (but not some) of the Loans and their Related Security comprising the Portfolio (the "**Whole Beneficial Title**") in consideration for the Optional Purchase Price; and
- (b) the right to require the Issuer to transfer the legal title to all (but not some) of the Loans and their Related Security comprising the Portfolio (the "**Whole Legal Title**"), or if, at the time the Call Option is exercised, the Issuer does not hold legal title, the right to require the Issuer to procure that the Legal Title Holders transfer legal title, to the Option Holder, a Third Party Purchaser or any nominee of the Option Holder specified as such in the Exercise Notice (as identified in the Exercise Notice, the "**Legal Title Transferee**").

On or before the Optional Redemption Date, the Call Option may be exercised by the Option Holder at any time after the Optional Purchase Commencement Date by notice from the Option Holder to the Issuer, with a copy to the Security Trustee, the Note Trustee, the Legal Title Holder(s), the Servicer(s), the Cash Manager and each of the Rating Agencies, (such notice, an "**Exercise Notice**") that the Option Holder wishes to exercise the Call Option, for effect on any Business Day following the service of the Exercise Notice (the Business Day identified as the date on which the purchase by the Beneficial Title Transferee of the Whole Beneficial Title and (if applicable) the transfer of the Whole Legal Title to the Legal Title Transferee is expected to be completed pursuant to the terms of the Deed Poll being the "**Optional Purchase Completion Date**").

If the Option Holder does not acquire the Portfolio pursuant to the Call Option on or before the Optional Redemption Date, the Call Option may, subject to the immediately following paragraph, be exercised at any time by the Option Holder by serving an Exercise Notice on the Issuer, with a copy to the Security Trustee, the Note Trustee, the Legal Title Holders, the Cash Manager and each of the Rating Agencies. If the sale of the Portfolio has not been completed within 30 days of the service of such Exercise Notice, that Exercise Notice shall be deemed to have been cancelled and the Option Holder's right to exercise the Call Option shall be suspended for a period of 90 days from the service of such Exercise Notice.

If a Market Sounding Notice has been served, an Exercise Notice may be served by an Option Holder from the date of such Market Sounding Notice to (and including) five days after the date of such Market Sounding Notice, after which no Exercise Notice may be served by an Option Holder prior to the later of:

- (a) the date falling 90 days after the date of a Market Sounding Notice; and
- (b) the earlier of:
 - (i) if a Market Bid Notice has been served, the date falling 30 days after the date thereof;
 - (ii) the date on which a Market Bid Failure Notice has been served; and
 - (iii) the date on which the Liquidation Agent otherwise notifies the Option Holders that the sale to the Winning Bidder has failed to complete.

On the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date, the Notes will be redeemed in full as more fully described in the section entitled "*Redemption of the Notes and the cancellation of the Residual Certificates*" below.

The sale of the Whole Beneficial Title and (if applicable) the transfer of the Whole Legal Title pursuant to the Call Option shall also be subject to the following conditions:

- (a) either:
 - (i) the Beneficial Title Transferee and (if applicable) the Legal Title Transferee is resident for tax purposes in the United Kingdom; or
 - (ii) the Issuer, having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in the form and substance satisfactory to it (acting reasonably), or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HM Revenue and Customs) ("**Tax Advice**"), is satisfied that sale of the Whole Beneficial Title and (if applicable) transfer of the Whole Legal Title will not create or increase any liabilities of the Issuer to United Kingdom tax or any tax imposed by the jurisdiction of the Beneficial Title Transferee and (if applicable) the Legal Title Transferee. The costs relating to such Tax Advice shall be borne by the Option Holder;
- (b) either:
 - (i) the Legal Title Transferee has all the appropriate licences, approvals, authorisations, consents, permissions and registrations (including any approvals, authorisations, consents, permissions and registrations required to be maintained under the FSMA and any rules and regulations of the FCA) required to administer residential mortgage loans such as the Loans and their Related Security comprising the Portfolio (the "**Relevant Authorisations**"); or
 - (ii) the Beneficial Title Transferee has appointed a servicer who has the Relevant Authorisations and that the Legal Title Holders have confirmed in writing that they will hold legal title to the Loans and their Related Security comprising the Portfolio on trust for the Beneficial Title Transferee; and
- (c) the Beneficial Title Transferee shall not be permitted to transfer the beneficial interest in any of the Loans and their Related Security comprising the Portfolio to a further purchaser until the transfer of the Whole Legal Title is perfected unless such transfer of beneficial interest is made to an entity which is within the charge to UK corporation tax.

Optional Purchase Price

The purchase price for the Loans and their Related Security comprising the Portfolio pursuant to the Call Option (the "**Optional Purchase Price**") shall be an amount equal to (without double counting):

- (a) the amount required by the Issuer to pay in full all amounts payable or that will become payable prior to such Interest Payment Date under items (a) to(t) (inclusive) of the Post-Enforcement Priority of Payments on the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date; plus
- (b) the Issuer's costs and expenses associated with transferring its interests in any Loan and its Related Security to the Option Holder or its nominee (if any) and an amount agreed between the Issuer and the Option Holder in respect of costs anticipated to be incurred by the Issuer after the Optional Purchase Completion Date; less
- (c) the balance standing to the credit of the Liquidity Reserve Fund; less
- (d) any Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date (without double-counting the amounts in paragraph (c) above).

In connection with the exercise of the Call Option, the Beneficial Title Transferee will agree with the Issuer to (i) deposit an amount equal to the Optional Purchase Price in either an escrow account in the name of the Beneficial Title Transferee or in any other account as may be agreed between the Issuer and the Beneficial Title Transferee; or (ii) provide irrevocable payment instructions for an amount equal to the Optional Purchase Price for value on the Optional Purchase Completion Date to the Deposit Account or such other account as may be agreed between the Issuer and Beneficial Title Transferee, provided that such deposit shall be made or irrevocable payment instructions shall be given no later than (x) two Business Days prior to the Optional Purchase Completion Date or (y) such other date as the Issuer, at its sole discretion and the Beneficial Title Transferee may agree, provided further that the Optional Purchase Price or irrevocable payment instructions (as applicable) must be received by the Issuer in sufficient time to enable the Issuer to provide notice of redemption of the Notes to the Noteholders pursuant to Condition 8.3 (*Mandatory Redemption of the Notes in full*) or Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*) (as applicable); and/or (iii) take any other action as may be agreed by the Beneficial Title Transferee, the Issuer and the Security Trustee in relation to the payment of the Optional Purchase Price.

At the cost of the Option Holder, the Issuer shall serve, or if, at the time the Call Option is exercised, the Issuer does not hold the Whole Legal Title, direct the Legal Title Holders to serve all relevant notices and take all steps (including carrying out requisite registrations and recordings) in order to effectively vest the Whole Legal Title in the Legal Title Transferee, in each case subject to the terms and conditions set out in the Deed Poll, such notices to be given promptly after the Optional Purchase Completion Date.

Redemption of the Notes and the cancellation of the Residual Certificates

On the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date, the Optional Purchase Price, together with all amounts standing to the credit of the Liquidity Reserve Fund and any Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date, will be applied in accordance with the Post-Enforcement Priority of Payments and will result in the Notes being redeemed in full. Following the redemption in full of the Notes the Residual Certificates will be cancelled.

Any Revenue Receipts, Redemption Receipts or interest on the Issuer Accounts received by the Issuer from and including the Collection Period End Date immediately prior to the Optional Purchase Completion Date

(such amounts being "**Optional Purchase Collections**") will be payable, to or for the account of the Beneficial Title Transferee and the Issuer shall transfer all such amounts to or for the account of the Beneficial Title Transferee as soon as reasonably practicable following the Optional Purchase Completion Date.

In this Prospectus:

"Deed Poll" means the deed poll dated on or about the Closing Date, executed by the Issuer, in favour of the Option Holder from time to time.

"Option Holder" means (a) (where the Residual Certificates are represented by Definitive Residual Certificates) the holder of greater than 50 per cent. of the Residual Certificates or (where the Residual Certificates are represented by the Global Residual Certificate) the Indirect Participant who holds the beneficial interest in more than 50 per cent. of the Residual Certificates or (b) where no person holds (where the Residual Certificates are represented by Definitive Residual Certificates) greater than 50 per cent. of the Residual Certificates or (where the Residual Certificates are represented by the Global Residual Certificate) beneficial interest in more than 50 per cent. of the Residual Certificates, the person who holds the greatest number of Residual Certificates then in issue or, as applicable, beneficial interest in the greatest number of Residual Certificates then in issue.

"Optional Purchase Commencement Date" means the earlier of:

- (a) the Collection Period End Date immediately preceding the Optional Redemption Date; or
- (b) any Collection Period End Date on which the aggregate Outstanding Principal Balance of the Loans (excluding any Enforced Loans) is equal to or less than 10 per cent. of the aggregate Outstanding Principal Balance of the Loans comprising the Portfolio on the Portfolio Cut-Off Date; or
- (c) any Business Day following the occurrence of a Redemption Event.

"Third Party Purchaser" means a third party purchaser of the beneficial title to the Loans and their Related Security as nominated by the Option Holder in the Exercise Notice.

RISK RETENTION REGULATORY CHANGE OPTION

Pursuant to the Risk Retention Letter, on any Interest Payment Date following the occurrence of a Risk Retention Regulatory Change Event (and subject to two directors of the Retention Holder certifying in writing to the Security Trustee that a Risk Retention Regulatory Change Event has occurred, upon which certificate the Security Trustee shall be entitled to rely absolutely without liability to any person for so doing), the Retention Holder has the benefit of the Risk Retention Regulatory Change Option to require the Issuer to:

- (a) sell and transfer to the Retention Holder or its nominee (specified as such in the Risk Retention Regulatory Change Option Exercise Notice) the beneficial title to all Loans and Related Security in the Portfolio;
- (b) transfer to the Retention Holder the right to have legal title to the Loans and their Related Security; and
- (c) direct that the Legal Title Holders transfer legal title to the Loans to the Retention Holder or its nominee (specified as such in the Risk Retention Regulatory Change Option Exercise Notice) in accordance with and subject to the terms of the relevant Servicing Agreement on the Risk Retention Regulatory Change Option Date,

in each case subject to the terms of the Risk Retention Letter (the "**Risk Retention Regulatory Change Option**").

On the Interest Payment Date falling on or immediately following the Risk Retention Regulatory Change Option Date, the Notes will be redeemed in full as more fully described in the section entitled "*Redemption of the Notes and the cancellation of the Residual Certificates*" below.

Where the sale to the Retention Holder does not contemplate a transfer of the legal title to the Loans, the exercise of the Risk Retention Regulatory Change Option shall be conditional on the consent of the Legal Title Holders to hold legal title on behalf of the Retention Holder or its nominee.

It will be a condition of the exercise of the Risk Retention Regulatory Change Option that (a) either (i) each of the purchasers of the legal (if applicable) and beneficial title in the Loans confirms in writing that it is resident for tax purposes in the United Kingdom, or (ii) the Issuer, having received Tax Advice, is satisfied that sale of legal (if applicable) and beneficial title in the relevant Loans will not expose the Issuer to a risk of loss in consequence of United Kingdom income tax being required to be withheld from amounts paid in respect of the Loans and (b) the Issuer has obtained Tax Advice and as a result is satisfied that any such sale will not result in any materially adverse tax consequences for the Issuer and/or on the Issuer's ability to repay the Notes in full.

The costs relating to such Tax Advice shall be borne by the Retention Holder.

The Risk Retention Regulatory Change Option may be exercised by the Retention Holder delivering a Risk Retention Regulatory Change Option Exercise Notice to the Issuer with a copy to the Note Trustee, the Security Trustee, the Noteholders, the Certificateholders, the Seller, the Servicer(s), the Legal Title Holder(s), the Cash Manager and each of the Rating Agencies at any time for effect on any Interest Payment Date following the occurrence of a Risk Retention Regulatory Change Event. Such notice shall be given not more than 15 nor less than 5 Business Days prior to the proposed Risk Retention Regulatory Change Option Date.

The Retention Holder or its nominee will be required to deposit the full amount of the Risk Retention Regulatory Change Option Purchase Price in the Deposit Account or such other account agreed with the Issuer and the Security Trustee on or prior to the day falling two Business Days immediately preceding the proposed Risk Retention Regulatory Change Option Date or take such other action agreed with the Issuer and the Security Trustee.

Risk Retention Regulatory Change Option Purchase Price

The purchase price for the Portfolio under the Risk Retention Regulatory Change Option shall be an amount (the "**Risk Retention Regulatory Change Option Purchase Price**") equal to (without double counting):

- (a) the amount required by the Issuer to pay in full all amounts payable under items (a) to (t) (inclusive) of the Post-Enforcement Priority of Payments on the Interest Payment Date falling on or immediately following the Risk Retention Regulatory Change Option Date; plus
- (b) the Issuer's costs and expenses associated with transferring its interests in any Loan and its Related Security to the Retention Holder or its nominee (if any) and an amount agreed between the Issuer and the Retention Holder in respect of costs anticipated to be incurred by the Issuer after the Risk Retention Regulatory Change Option Date; less
- (c) the balance standing to the credit of the Liquidity Reserve Fund; less
- (d) any Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Risk

Retention Regulatory Change Option Date (without double counting the amounts in paragraph (c) above).

"Risk Retention Regulatory Change Option Exercise Notice" means a written notice to be delivered by the Retention Holder to the Issuer with a copy to the Note Trustee, the Security Trustee, the Seller, the Servicer(s), the Legal Title Holder(s) and the Rating Agencies to exercise the Risk Retention Regulatory Change Option specifying (a) the proposed Risk Retention Regulatory Change Option Date, (b) specifying whether the Retention Holder itself or a nominee will be acquiring the beneficial title to the Loans and their Related Security and (c) specifying whether the transfer of legal title from the Legal Title Holder to the Loans and their Related Security is contemplated.

"Risk Retention Regulatory Change Option Date" means the date on which all conditions to completion of the Risk Retention Regulatory Change Option have been satisfied.

"Risk Retention Regulatory Change Event" means any change in or the adoption of any new law, rule, direction, guidance or regulation which requires the manner in which the Minimum Required Interest is held by the Retention Holder and the Seller to be restructured after the Closing Date or which would otherwise result in the manner in which the Minimum Required Interest is held by the Retention Holder to become non-compliant in relation to a Noteholder or which would otherwise have an adverse effect on the ability of the Seller to comply with Article 6 of the Securitisation Regulation or the U.S. Risk Retention Rules.

Redemption of the Notes and the cancellation of the Residual Certificates

On the Interest Payment Date falling on or immediately following the Risk Retention Regulatory Change Option Date, the full amount of the Risk Retention Regulatory Change Option Purchase Price, together with all amounts standing to the credit of the Liquidity Reserve Fund and all Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Risk Retention Regulatory Change Option Date, will be applied in accordance with the Post-Enforcement Priority of Payments and will result in the Notes being redeemed in full. Following the redemption in full of the Notes the Residual Certificates will be cancelled.

Any Revenue Receipts, Redemption Receipts or interest on the Issuer Accounts received by the Issuer from but excluding the Collection Period End Date immediately prior to the Risk Retention Regulatory Change Option Date to and including Risk Retention Regulatory Change Option Date (such amounts being **"Risk Retention Regulatory Change Option Collections"**) will be payable, to or for the account of the Beneficial Title Transferee as soon as reasonably practicable following the Risk Retention Regulatory Change Option Date.

REFINANCING CALL OPTION

The Issuer may, in consultation with the Option Holder and the Retention Holder, issue Refinancing Notes on or after the Optional Redemption Date in accordance with Condition 8.6 (*Refinancing Call Option*). The proceeds of the Refinancing Notes will be used, *inter alia*, to effect a redemption in full of the Notes of each Class. The net proceeds from the issuance of the Refinancing Notes expressed to be available for the purposes of redeeming the Notes and other amounts available to the Issuer for application will be applied by the Issuer in accordance with the Post-Enforcement Priority of Payments on the Interest Payment Date falling on or immediately following the Optional Refinancing Date and must be of an amount equal to or greater than the Refinancing Notes Minimum Issuance Amount.

"Refinancing Notes Minimum Issuance Amount" means an amount equal to (without double counting):

- (a) the amount required by the Issuer to pay in full all amounts payable under items (a) to (t) (inclusive) of the Post-Enforcement Priority of Payments on the Interest Payment Date falling on or immediately following the issuance of the Refinancing Notes; less

- (b) the balance standing to the credit of the Liquidity Reserve Fund; less
- (c) any Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the issuance of the Refinancing Notes (without double counting the amounts in paragraph (b) above).

MARKET SALE

Appointment of a Liquidation Agent

If the Call Option has not been exercised on or prior to the Optional Redemption Date, the Corporate Services Provider shall, on behalf of the Issuer and the ALBA 2015 Legal Title Holder (in its capacity as trustee under the Scottish Declaration of Trust), use all reasonable endeavours to appoint a Liquidation Agent substantially on the terms set out below within 30 days of the Optional Redemption Date to act as agent in the name of the Issuer and the ALBA 2015 Legal Title Holder to assist the Issuer in the sale of (i) the beneficial title and (ii) the right to require the ALBA 2015 Legal Title Holder to transfer the legal title, to all (but not some) of the Loans and their Related Security comprising the Portfolio to the Winning Bidder or its nominee. The Issuer and the ALBA 2015 Legal Title Holder each confirms that any such appointment shall confer on such Liquidation Agent all powers, authority and discretion which are necessary for, or incidental to, the Liquidation Agent's appointment and the Issuer shall notify the Noteholders and the Certificateholders of such appointment in accordance with Condition 16 (*Notice to Noteholders*) and Residual Certificates Condition 15 (*Notice to Certificateholders*).

Any Liquidation Agent shall act upon the direction of the Security Trustee upon the service of an Enforcement Notice on the Issuer.

Initial Sounding

The appointment of the Liquidation Agent shall provide, *inter alia*, that:

- (a) the fees and expenses of the Liquidation Agent shall be payable by the Issuer upon completion of the sale to a Winning Bidder (as defined below), and shall be paid out of the proceeds of such sale;
- (b) as soon as reasonably practicable (and in any event within 60 days of the Optional Redemption Date), the Liquidation Agent shall, for so long as the Portfolio has not been sold pursuant to the terms of the Call Option use all reasonable endeavours to obtain initial indications of the sale price for the Portfolio from at least three participants in the wholesale mortgage market of reasonable standing and shall consider any initial indications of the sale price provided by any other market participants (the "**Initial Market Participants**"), provided that:
 - (i) the Liquidation Agent must first, acting on the direction of the Issuer, ensure that the Issuer has obtained an opinion from an appropriately qualified and experienced United Kingdom tax adviser that neither the processes of seeking initial indications of sale prices, nor selling the portfolio to successful bidders should cause the Issuer to cease to be taxed in accordance with the Securitisation Tax Regulations. The Issuer must confirm that such opinion is satisfactory to it before the Liquidation Agent may obtain initial indications of the sale price for the Portfolio from Initial Market Participants;
 - (ii) if an Exercise Notice has been served by an Option Holder, the Liquidation Agent shall not seek to obtain such initial indications until the expiry of 30 days following the date of such Exercise Notice;
 - (iii) the Liquidation Agent shall notify the Issuer, who in turn shall notify the Noteholders and the Certificateholders in accordance with Condition 16 (*Notice to Noteholders*) and Residual

Certificates Condition 15 (*Notice to Certificateholders*) (a "**Market Sounding Notice**") at least 5 days' prior to the Liquidation Agent seeking such initial indications from Initial Market Participants; and

- (c) if one or more Initial Market Participants provide a bid of at least the Minimum Portfolio Liquidation Price, the Liquidation Agent shall notify such indicative purchase price(s) to the Issuer and the Security Trustee, and the Issuer shall promptly notify the Noteholders and the Certificateholders in accordance with Condition 16 (*Notice to Noteholders*) and Residual Certificates Condition 15 (*Notice to Certificateholders*) that the Liquidation Agent has received a bid of at least the Minimum Portfolio Liquidation Price (provided that the indicative purchase price(s) shall not be disclosed in such notices to the Noteholders and the Certificateholders) (a "**Market Bid Notice**");
- (d) if the Liquidation Agent does not receive a bid from the Initial Market Participants of at least the Minimum Portfolio Liquidation Price, the Liquidation Agent shall notify the Issuer and the Security Trustee of the same, and the Issuer shall promptly notify the Noteholders and the Certificateholders in accordance with Condition 16 (*Notice to Noteholders*) and Residual Certificates Condition 15 (*Notice to Certificateholders*) of the same (a "**Market Bid Failure Notice**") and the Liquidation Agent shall repeat the above procedure set out in paragraphs (b) and (c) every six months following the later of the Optional Redemption Date and the date on which a Market Bid Failure Notice is served.

The Cash Manager shall calculate the Minimum Portfolio Liquidation Price.

The sale

If a Market Bid Notice is received, the Issuer and the Legal Title Holders shall instruct the Liquidation Agent to proceed with the sale of the Portfolio to the Initial Market Participant that had submitted the highest bid (or its nominee, collectively the "**Winning Bidder**"), and shall take such action as is required to effect such sale.

Any sale by the Issuer shall be subject to the following conditions:

- (a) either:
 - (i) the Winning Bidder is resident for tax purposes in the United Kingdom; or
 - (ii) the Issuer, having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in the form and substance satisfactory to it (acting reasonably), or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HM Revenue and Customs) ("**Tax Advice**"), is satisfied that sale will not create or increase any liabilities of the Issuer and the Legal Title Holder to United Kingdom tax or any tax imposed by the jurisdiction of the Winning Bidder;
- (b) either:
 - (i) the entity to which legal title shall be transferred has all the appropriate licences, approvals, authorisations, consents, permissions and registrations (including any approvals, authorisations, consents, permissions and registrations required to be maintained under the FSMA and any rules and regulations of the FCA) required to administer residential mortgage loans such as the Loans and their Related Security comprising the Portfolio (the "**Relevant Authorisations**"); or
 - (ii) the Winning Bidder has appointed a servicer who has the Relevant Authorisations and if the legal title will not be transferred to the Winning Bidder (or to its order), that the Legal Title

Holders have confirmed in writing that it will hold legal title to the Loans and their Related Security comprising the Portfolio on trust for the Winning Bidder (including, in respect of the Scottish Loans and their Related Security, under a Scottish declaration of trust in favour of the Winning Bidder); and

- (c) the Beneficial Title Transferee shall not be permitted to transfer the beneficial interest in any of the Loans and their Related Security comprising the Portfolio to a further purchaser until the transfer of the legal title is perfected unless such transfer of beneficial interest is made to an entity which is within the charge to UK corporation tax.

The costs relating to the Tax Advice referred to in sub-paragraph (a)(ii) above shall be borne by the Winning Bidder.

If the Market Sale Date has not occurred by the later of (i) the date falling 90 days after the date of a Market Sounding Notice and (ii) the date falling 30 days after the date of the Market Bid Notice, the Option Holder may exercise the Call Option by delivering an Exercise Notice pursuant to Clause 3 (Exercise of Call Option) of the Deed Poll, on any Business Day prior to delivery of a further Market Bid Notice.

Application of proceeds

On the Interest Payment Date falling on or immediately following the Market Sale Date, a portion of the proceeds of the sale shall be paid directly by the Winning Bidder (on behalf of the Issuer) to the Liquidation Agent for its fees, and expenses) and the remaining proceeds of the sale, together with all amounts standing to the credit of the Liquidity Reserve Fund Ledger and any Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on such Interest Payment Date, will be applied in accordance with the Post-Enforcement Priority of Payments.

Any Revenue Receipts, Redemption Receipts or interest on the Issuer Accounts received by the Issuer from but excluding the Collection Period End Date immediately prior to the Market Sale Date to and including the Market Sale Date (such amounts being "**Market Sale Collections**") will be payable, together with any minimum required amount that has been retained in the Collection Accounts, to or for the account of the Winning Bidder as soon as reasonably practicable following the Market Sale Date.

"Liquidation Agent" means a person having the requisite skills and experience to sell the Loans and their Related Security comprising the Portfolio.

"Market Sale Date" means the date on which the sale of the Loans and their Related Security comprising the Portfolio to the Winning Bidder completes.

"Minimum Portfolio Liquidation Price" means a net amount equal to (without double counting):

- (a) the amount required by the Issuer to pay in full all amounts payable or that will become payable prior to such Interest Payment Date under items (a) to (t) (inclusive) of the Post-Enforcement Priority of Payments on the Interest Payment Date falling on or immediately following the Market Sale Date; *plus*
- (b) the Issuer's costs and expenses associated with transferring its interests in any Loan and its Related Security to the Winning Bidder (including the fees, costs and expenses of the Liquidation Agent) and an amount agreed between the Issuer and the Liquidation Agent in respect of costs anticipated to be incurred by the Issuer after the Market Sale Date; *less*
- (c) the balance standing to the credit of the Liquidity Reserve Fund; *less*

- (d) any Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Market Sale Date (without double counting the amounts in paragraph (c) above).

USE OF PROCEEDS

The Issuer will use the net proceeds of the issuance of the Notes, which after deducting fees, upfront expenses and commissions, if any, will equal £242,069,795.00, to:

- (a) pay for the Portfolio to be acquired from the Seller on the Closing Date;
- (b) establish the Liquidity Reserve Fund through the retention of the Liquidity Reserve Fund Required Amount; and
- (c) retain certain amounts and pay certain fees and expenses of the Issuer incurred in connection with the issue of the Notes and the Residual Certificates on the Closing Date.

On the Interest Payment Date falling on or immediately following the Optional Refinancing Date, the Issuer will apply the proceeds of the issuance of any Refinancing Notes, *inter alia*, to effect a redemption in full of the Notes of each Class.

RATINGS

The Rated Notes, on issue, (with respect to payments of interest and principal) are expected to be assigned the following ratings by S&P and Fitch. The Class Z1 Notes and the Class Z2 Notes will not be rated. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency if, in its judgement, circumstances so warrant.

| Class of Notes | S&P | Fitch |
|----------------|-----------|-----------|
| Class A Notes | AAA | AAA |
| Class B Notes | AA | AA- |
| Class C Notes | A | A |
| Class D Notes | BBB+ | BBB |
| Class E Notes | BBB- | BB |
| Class F Notes | BB | B |
| Class G Notes | Not rated | Not rated |
| Class X1 Notes | Not rated | Not rated |
| Class X2 Notes | Not rated | Not rated |
| Class Z1 Notes | Not rated | Not rated |
| Class Z2 Notes | Not rated | Not rated |

The ratings assigned to the Rated Notes by S&P address, *inter alia*:

- the likelihood of full and timely payments due to the holders of the Class A Notes of interest on each Interest Payment Date;
- the likelihood of full and ultimate payment of interest to the holders of the Class B Notes, the Class C Notes, the Class D Notes (where the Class B Notes, Class C Notes and the Class D Notes are not the Most Senior Class of Notes then outstanding), respectively, by a date that is not later than the Final Maturity Date;
- the likelihood of full and timely payment of interest due to the holders of the Class B Notes (where the Class B Notes are the Most Senior Class of Notes then outstanding), Class C Notes (where the Class C Notes are the Most Senior Class of Notes then outstanding), the Class D Notes (where the Class D Notes are the Most Senior Class of Notes then outstanding), respectively, on each Interest Payment Date; and
- the likelihood of ultimate payment to the holders of the Rated Notes of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

The ratings assigned to the Rated Notes by Fitch address, *inter alia* (a) the likelihood of full and timely payment to the holders of the Class A Notes and the Class B Notes, and the Class C Notes and the Class D Notes (where the Class C Notes and the Class D Notes are the Most Senior Class of Notes) of interest on each Interest Payment Date in accordance with the Conditions; (b) the likelihood of full payment to the holders of the Rated Notes (other than the Class A Notes and the Class B Notes) of all payments of interests in relation to the Rated Notes on or prior to the Final Maturity Date, (c) the likelihood of full and ultimate payment to the holders of the Rated Notes of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the EU and is registered under the CRA Regulation.

THE ISSUER

Introduction

The Issuer was incorporated under the laws of England and Wales on 23 July 2020 (registered number 12763457) as a public limited company under the Companies Act 2006. The registered office of the Issuer is 1 Bartholomew Lane, London EC2N 2AX. The telephone number of the Issuer's registered office is +44 (0)20 7398 6300. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each of which one share is fully-paid up and 49,999 shares are quarter-paid and all shares are held by Holdings (see the section entitled "*Holdings*").

The Issuer has no subsidiaries and does not control, directly or indirectly, any other company. The Seller and the Retention Holder do not own directly or indirectly any of the share capital of Holdings or the Issuer.

The Issuer was established as a special purpose vehicle solely for the purpose of issuing asset backed notes. The Issuer is permitted, pursuant to the terms of its articles of association, *inter alia*, to issue the Notes and the Residual Certificates. The Issuer will covenant to observe certain restrictions on its activities which are set out in Condition 5(b) (*Restrictions on activities*) and Residual Certificates Condition 5(b) (*Restrictions on activities*).

Under the Companies Act 2006 (as amended), the Issuer's governing documents, including its principal objects, may be altered by a special resolution of shareholders.

In accordance with the Corporate Services Agreement, the Corporate Services Provider will provide to the Issuer certain directors, a registered and administrative office, the arrangement of meetings of directors and shareholders and procure the service of a company secretary. No remuneration is paid by the Issuer to or in respect of any director or officer of the Issuer for acting as such.

The Issuer has not engaged, since its incorporation, in any material activities nor commenced operations other than those incidental to its registration as a public limited company under the Companies Act 2006 (as amended) and to the proposed issues of the Notes and Residual Certificates and the authorisation of the other Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing. The Issuer, as necessary, has made a notification under the Data Protection Act 1998. As at the date of this Prospectus, statutory accounts have not yet been prepared or delivered to the Registrar of Companies on behalf of the Issuer. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2021.

There is no intention to accumulate surpluses in the Issuer (other than amounts standing to the credit of the Issuer Profit Ledger and the Liquidity Reserve Fund Ledger).

Directors

The directors of the Issuer and their respective business addresses and occupations are:

| Name | Business Address | Business Occupation |
|--------------------------------|--|----------------------------|
| Intertrust Directors 1 Limited | 1 Bartholomew Lane, London EC2N 2AX | Corporate Director |
| Intertrust Directors 2 Limited | 1 Bartholomew Lane, London EC2N 2AX | Corporate Director |

| Name | Business Address | Business Occupation |
|-----------------|--|----------------------------|
| Helena Whitaker | 1 Bartholomew Lane, London EC2N 2AX | Director |

The directors of Intertrust Directors 1 Limited and Intertrust Directors 2 Limited and their principal activities are as follows:

| Name | Business Address | Principal Activities |
|---------------------|--|-----------------------------|
| Helena Whitaker | 1 Bartholomew Lane, London EC2N 2AX | Director |
| Susan Abrahams | 1 Bartholomew Lane, London EC2N 2AX | Director |
| Ian Hancock | 1 Bartholomew Lane, London EC2N 2AX | Director |
| Michelle O'Flaherty | 1 Bartholomew Lane, London EC2N 2AX | Director |
| Andrea Williams | 1 Bartholomew Lane, London EC2N 2AX | Director |

The Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees) as at the date of this Prospectus.

HOLDINGS

Introduction

Holdings was incorporated under the laws of England and Wales on 20 July 2020 (registered number 12755100) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is 1 Bartholomew Lane, London EC2N 2AX. The issued share capital of Holdings comprises one ordinary share of £1. Intertrust Corporate Services Limited (the "**Share Trustee**") holds the entire beneficial interest in the issued share capital under a discretionary trust for discretionary purposes. Holdings holds the beneficial interest in the issued share capital of the Issuer.

Neither the Seller, the Retention Holder nor any company connected with the Seller or the Retention Holder can direct the Share Trustee and none of such companies has any control, direct or indirect, over Holdings or the Issuer. Holdings does not have any control, direct or indirect, of any company other than the Issuer.

Pursuant to the terms of its articles of association, Holdings is permitted, *inter alia*, to hold shares in the Issuer.

Holdings has not engaged since its incorporation in any material activities other than those activities incidental to the authorisation and implementation of the Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing.

Directors

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

| Name | Business Address | Business Occupation |
|--------------------------------|--|----------------------------|
| Intertrust Directors 1 Limited | 1 Bartholomew Lane, London EC2N 2AX | Corporate Director |
| Intertrust Directors 2 Limited | 1 Bartholomew Lane, London EC2N 2AX | Corporate Director |
| Helena Whitaker | 1 Bartholomew Lane, London EC2N 2AX | Director |

The directors of Intertrust Directors 1 Limited and Intertrust Directors 2 Limited and their respective occupations are:

| Name | Business Address | Principal Activities |
|-----------------|--|-----------------------------|
| Helena Whitaker | 1 Bartholomew Lane, London EC2N 2AX | Director |
| Susan Abrahams | 1 Bartholomew Lane, London | Director |

| Name | Business Address EC2N 2AX | Principal Activities |
|---------------------|--|-----------------------------|
| Michelle O'Flaherty | 1 Bartholomew Lane, London EC2N 2AX | Director |
| Ian Hancock | 1 Bartholomew Lane, London EC2N 2AX | Director |
| Andrea Williams | 1 Bartholomew Lane, London EC2N 2AX | Director |

The accounting reference date of Holdings is 31 December and the first statutory accounts of Holdings will be drawn up to 31 December 2021.

Holdings has no employees.

THE SELLER

Ertow Holdings VI Designated Activity Company (the "**Seller**") is a designated activity company limited by shares incorporated in Ireland on 16 December 2019 (company registration number 662906 and registered address at 5th Floor, The Exchange, George's Dock, IFSC, Dublin 1, D01 W3P9 Ireland) in order to acquire the beneficial title to certain mortgage loans from each of ALBA 2006-1 plc and ALBA 2015-1 plc pursuant to the Seller Mortgage Sale Agreements on 24 July 2020 (as amended and restated on 18 August 2020) and 18 August 2020 respectively.

The Seller entered into a profit participating loan agreement with the Retention Holder on 10 August 2020 (as may be amended and restated from time to time) (the "**PPL**"), pursuant to which the Retention Holder agreed to make a loan available to the Seller which the Seller is permitted to use to invest in certain financial assets, subject to the terms of such PPL. Pursuant to the terms of the PPL, all available amounts received by the Seller in relation to the Loans (including the proceeds of any sale of the Loans) are, following the payment of various taxes and expenses of the Seller in accordance with the terms of the PPL, passed by the Seller to the Retention Holder.

The Seller has covenanted to limit its activities to holding certain classes of the Notes and Residual Certificates and entering into the PPL and activities ancillary thereto. It has also agreed not to issue any further shares or incur any further indebtedness other than under the PPL.

The Seller has also given certain undertakings in relation to the holding of the Minimum Required Interest by the Retention Holder, which are set out in the section headed "*Certain Regulatory Requirements*".

THE ALBA 2015 SERVICER AND THE ALBA 2015 LEGAL TITLE HOLDER

Pepper (UK) Limited (trading as Engage Credit) is a private limited company incorporated in England, on 29 March 2008 (registered number 06548489). Among other services, Pepper (UK) Limited provides third party residential mortgage administration services to its clients on mortgage loans secured by residential real estate in the United Kingdom.

Pepper (UK) Limited is authorised and regulated by the Financial Conduct Authority under registration number 484078. Pepper (UK) Limited holds relevant licences under the CCA and maintains applicable registrations under the Data Protection Act 2018.

The residential servicer ratings for Pepper UK Limited, as provided by S&P are:

- Primary: Above average with stable outlook; and
- Special: Above average with stable outlook.

The registered office of Pepper (UK) Limited is at Harman House, 1 George Street, Uxbridge, London UB8 1QQ.

THE ALBA 2006 SERVICER

Homeloan Management Limited ("**HML**") is a private company with limited liability incorporated under the laws of England and Wales with registered number 02214839 and with its registered address at The Pavilions, Bridgwater Road, Bristol, BS13 8AE.

HML is a subsidiary of Computershare Limited, an Australian global financial administration company, and is regulated by the Financial Conduct Authority (FCA Number 304476) with permissions to, amongst other things, administer commercial and residential mortgage loans in the United Kingdom on behalf of third parties.

The information in the preceding two paragraphs has been provided solely by HML for use in this Prospectus. Except for the foregoing two paragraphs, HML and its affiliates do not accept any responsibility for this Prospectus.

THE RETENTION HOLDER

Burlington Loan Management Designated Activity Company (the "**Retention Holder**") is a designated activity company limited by shares incorporated in Ireland on 24 April 2009 (company registration number 470093 and registered address at 5th Floor, The Exchange, George's Dock, IFSC, Dublin 1, D01 W3P9, Ireland).

The Retention Holder is funded by profit participating notes under a \$10,000,000,000 Notes programme due 1 November 2060. The notes are unsecured and are admitted to the Official List of Euronext Dublin and to trading on its Global Exchange Market.

The Retention Holder is exposed to the Seller by virtue of the PPL, pursuant to which the Retention Holder has agreed to make a loan available to the Seller which the Seller is permitted to use to invest in certain financial assets, subject to the terms of such PPL. Pursuant to the terms of the PPL, all available amounts received by the Seller in relation to the Loans (including the proceeds of any sale of the Loans) are, and all available amounts received by the Seller in respect of the Class Z Notes and any other Notes or under the Residual Certificates will be, following the payment of various taxes and expenses of the Seller in accordance with the terms of the PPL, passed by the Seller to the Retention Holder.

The Retention Holder holds various financial assets and investments. As at the date of its last audited financial accounts on 31 December 2018, the total assets of the Retention Holder were USD 6,595,454,531.

THE CASH MANAGER, ISSUER ACCOUNT BANK, PAYING AGENT AND AGENT BANK

Citibank, N.A. is a national association formed through its Articles of Association; it obtained its charter, 1461, 17 July 1865, and is governed by the laws of the United States, having its principal office situated at 388 Greenwich Street, New York, NY10013, USA, and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with a foreign company number FC001835 and branch number BR001018.

The London Branch is authorised and regulated by the Office of the Comptroller of the Currency (USA) and authorised by the Prudential Regulation Authority. It is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.

THE COLLECTION ACCOUNT BANK

Barclays Bank PLC (the "**Bank**", and together with its subsidiary undertakings, the "**Barclays Bank Group**") is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered and head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Bank was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'. The whole of the issued ordinary share capital of the Bank is beneficially owned by Barclays PLC. Barclays PLC (together with its subsidiary undertakings, the "**Group**" or "**Barclays**") is the ultimate holding company of the Group. The Bank's principal activity is to offer products and services designed for larger corporate, wholesale and international banking clients.

Barclays is a British universal bank with a diversified and connected portfolio of businesses, serving retail and wholesale customers and clients globally. The Group's businesses include consumer banking and payment operations around the world, as well as a top-tier, full service, global consumer and investment bank. The Group operates as two divisions – the Barclays UK division (Barclays UK) and the Barclays International division (Barclays International). These are housed in two banking subsidiaries – Barclays UK sits within Barclays Bank UK PLC and Barclays International sits within the Bank – which are supported by Barclays Execution Services Limited. Barclays Execution Services Limited is the Group-wide service company providing technology, operations and functional services to businesses across the Group.

The short term unsecured obligations of the Bank are rated A-1 by S&P Global Ratings Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long term unsecured unsubordinated obligations of the Bank are rated A by S&P Global Ratings Europe Limited, A1 by Moody's Investors Service Ltd. and A+ by Fitch Ratings Limited. Based on the Barclays Bank Group's audited financial information for the year ended 31 December 2019, the Barclays Bank Group had total assets of £876,672m (2018: £877,700m), loans and advances at amortised cost of £141,636m (2018: £136,959m), total deposits of £213,881m (2018: £199,337m), and total equity of £50,615m (2018: £47,711m) (including non-controlling interests of £0 (2018: £2m)). The profit before tax of the Barclays Bank Group for the year ended 31 December 2019 was £3,112m (2018: £1,286m) after credit impairment charges of £1,202m (2018: £643m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Issuer for the year ended 31 December 2019.

THE NOTE TRUSTEE AND SECURITY TRUSTEE

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

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

Citicorp Trustee Company Limited is regulated by the UK's Financial Conduct Authority.

THE ALBA 2006 LEGAL TITLE HOLDER

Oakwood Homeloans Limited is a private limited company incorporated under the Companies Act 1985 on 2nd April 2004, with company number 5092310. The registered office of Oakwood Homeloans Limited is The Watermill, Broughton, Skipton, North Yorkshire, BD23 3AG. Oakwood Homeloans Limited is a wholly owned subsidiary of Oakwood Homeloans Holdings Limited. Credit Suisse AG, London Branch acquired a controlling stake in Oakwood Homeloans Holdings Limited in 2007 and became the sole shareholder on 31 March 2010.

Oakwood Homeloans Limited was established as the regulated mortgage subsidiary of Oakwood Global Finance LP for the purpose of acquiring and potentially securitising residential mortgage assets in the United Kingdom. Oakwood Global Finance LP was established by Michael Culhane and The Redstone Companies, an asset management company based in Houston, Texas in 2002.

Oakwood Homeloans Limited received full regulatory authorisation to conduct mortgage business from the FSA in January 2005 (Firm Reference Number 312920). Oakwood Homeloans Limited is authorised and regulated by the Financial Conduct Authority in making arrangements and entering into regulated mortgage contracts, providing administration of regulated mortgage contracts and facilitating the financing and realisation of mortgage assets along with related services which are incidental to the activities of a mortgage lender, mortgage broker or administrator.

THE CORPORATE SERVICES PROVIDER AND THE BACK-UP SERVICER FACILITATOR

Intertrust Management Limited (registered number 03853947), having its principal address at 1 Bartholomew Lane, London EC2N 2AX will be appointed to provide corporate services to the Issuer and Holdings pursuant to the Corporate Services Agreement.

Intertrust Management Limited has served and is currently serving as corporate service provider for numerous securitisation transactions and programmes involving pools of mortgage loans.

Intertrust Management Limited will also perform the role of the Back-Up Servicer Facilitator.

The Back-Up Servicer Facilitator will be appointed pursuant to the terms of the ALBA 2006 Servicing Agreement and the ALBA 2015 Servicing Agreement to use its reasonable endeavours to appoint a new ALBA 2006 Servicer or ALBA 2015 Servicer if required.

THE LOANS

Introduction

The following is a description of some characteristics of the Loans and includes details of the Loan types, the underwriting process, lending criteria and selected statistical information. Information in this section has been obtained from publicly available information. The Seller is not the originator of the Loans and therefore cannot confirm any of the details in relation to the underwriting process or lending criteria and statistical information relating to the Loans.

The Seller has identified a portfolio of mortgage loans as of the Portfolio Reference Date (the "**Provisional Portfolio**") to assign to the Issuer.

The Portfolio of mortgage loans which the Seller will transfer the beneficial title to the Issuer on the Closing Date may differ from the Provisional Portfolio due to any redemptions of mortgage loans occurring, enforcement procedures being completed or repurchases by the persons who sold the relevant Loan to the Seller, in each case during the period between 30 June 2020 (the "**Portfolio Reference Date**") and the Closing Date.

The Provisional Portfolio contains Loans that have previously been securitised by each of ALBA 2006-1 plc (such Loans, the "**ALBA 2006 Loans**") and ALBA 2015-1 plc (such Loans, "**ALBA 2015 Loans**").

As at the Portfolio Reference Date, the Provisional Portfolio had the characteristics shown below. See the section entitled "*Characteristics of the Provisional Portfolio*".

The Originators

The Provisional Portfolio comprises Loans originated by Kensington Mortgage Company Limited ("**KMC**" or "**Kensington**"), GMAC – RFC Limited ("**GMAC**"), Edeus Mortgage Creators Limited (in liquidation) ("**Edeus**") and Amber Homeloans Limited ("**Amber**") (together the "**Originators**").

A. THE ALBA 2006 LOANS

Characteristics of the ALBA 2006 Loans

Repayment Terms

The ALBA 2006 Loans have different repayment methods as follows:

Repayment: an ALBA 2006 Loan under the terms of which monthly instalments covering both interest and principal are payable so that by the stated maturity date for that Loan (a "**Repayment ALBA 2006 Loan**") the full amount of principal advanced to the Borrower (in addition to the interest) has been repaid.

Interest Only: an ALBA 2006 Loan under the terms of which the Borrower is only obliged to pay interest during the term of that ALBA 2006 Loan (an "**Interest Only ALBA 2006 Loan**") with the entire principal amount being payable only upon the relevant maturity date. As the principal amount associated with an Interest Only ALBA 2006 Loan is repayable only upon the maturity of the Interest Only ALBA 2006 Loan, a life insurance or endowment policy or other repayment vehicle can be taken as a means of repayment of the Interest Only ALBA 2006 Loan. However, the Seller will not have required the Borrower to provide evidence as to the existence of any such policies (to the extent that such a policy was required as a condition of the related ALBA 2006 Loan), and such policies are not charged by way of collateral security.

Part and Part: an ALBA 2006 Loan under the terms of which the mortgage loan is effectively separated (at the option of, the Borrower) into two principal amounts, one in respect of which the Borrower pays interest only and the other in respect of which the Borrower pays interest and principal. Monthly payments in respect of such mortgage loans (each, a "**Part and Part ALBA 2006 Loan**") are comprised of the interest due on both portions of the Loan and the principal repayable on the portion in respect of which the Borrower is required to pay both interest and principal.

Of the ALBA 2006 Loans in the Provisional Portfolio, approximately 86.37 per cent. by balance are Interest Only ALBA 2006 Loans, approximately 13.38 per cent. by balance are Repayment ALBA 2006 Loans and approximately 0.25 per cent. by balance are Part and Part ALBA 2006 Loans.

Interest Rate Setting for Loans

The applicable rate of interest accruing under each ALBA 2006 Loan is referred to as the "**Mortgage Rate**". The ALBA 2006 Loans originated by GMAC (each a "**GMAC-RFC ALBA 2006 Loan**" and together the "**GMAC-RFC Pool**") now consist entirely of Bank of England Repo Rate-Linked Loans. The ALBA 2006 Loans originated by KMC (each a "**KMC ALBA 2006 Loan**" and together the "**KMC Pool**") now consist entirely of LIBOR-Linked Loans.

Interest Rate Setting for GMAC-RFC Loans

The ALBA 2006 Loans in the Provisional Portfolio consist of approximately 48.99 per cent. by value of the ALBA 2006 Loans which are Bank of England repo rate-linked mortgage loans (the "**Bank of England Repo Rate-Linked ALBA 2006 Loans**") where the applicable Mortgage Rate is calculated by reference to the Bank of England repo rate.

The ALBA 2006 Servicer will be obliged to effect a change as notified to it by the ALBA 2006 Legal Title Holder to the Mortgage Rate payable by Borrowers of Bank of England Repo Rate-Linked ALBA 2006 Loans as a result of a change in the Bank of England repo rate (such change becoming effective on the Mortgage Payment Date after the Borrower has been given notice of such change) to ensure that the Mortgage Rate payable by such Borrowers is the applicable Bank of England repo rate (subject to the Mortgage Conditions of the relevant Bank of England Repo Rate-Linked ALBA 2006 Loan).

Interest Rate Setting for KMC Loans

The Provisional Portfolio consists of approximately 51.01 per cent. by value of the ALBA 2006 Loans which are LIBOR-linked mortgage loans (the "**LIBOR-Linked ALBA 2006 Loans**") where the applicable Mortgage Rate is calculated by reference to a variable rate of interest ("**KVR**") which is set quarterly by KMC as LIBOR plus a margin of between one and three per cent.. Such margin is fixed (in relation to KVR) for the term of the ALBA 2006 Loan.

LIBOR is determined on the penultimate business day of February, May, August and November by the ALBA 2006 Legal Title Holder on behalf of the Issuer. LIBOR as established on such date shall be effective as of the first day of the next calendar month. The margin for the LIBOR-Linked ALBA 2006 Loans differ, depending upon the characteristics of each Borrower and of the relevant LIBOR-Linked ALBA 2006 Loan, such as the LTV, the Borrower's credit history and the amount of the relevant LIBOR-Linked ALBA 2006 Loan. Once the margin over KVR is determined for any such LIBOR-Linked ALBA 2006 Loan, such margin is fixed (in relation to KVR) for the term of that Loan.

Mortgage Payment Dates

All Borrowers are obliged to make monthly payments of interest and, if applicable, principal as required by the conditions of the ALBA 2006 Loans (the "**Mortgage Conditions**"). Each of the GMAC-RFC ALBA 2006 Loans has its payment date on the 1st, 15th or the 28th day of each calendar month and each of the

KMC ALBA 2006 Loans has its payment date on the last business day of each calendar month (the "**Mortgage Payment Dates**"). All payments by direct debit are made on one of these days. Payments by methods other than direct debit are received throughout the month.

Mortgage Early Repayment Charges

The ALBA 2006 Loans may be prepaid in full or in part at any time and early redemption will generally take place in certain circumstances. The Borrowers may voluntarily redeem the ALBA 2006 Loan when, for example, remortgaging or selling the underlying property or the ALBA 2006 Loan may be redeemed as a result of enforcement proceedings following default by the Borrowers in making scheduled payments. However, an early redemption payment will be charged to a Borrower in connection with, any repayment, if the ALBA 2006 Loan is prepaid within the first few years of its term (in the case of the GMAC-RFC ALBA 2006 Loans, £1,000 and, in the case of the KMC ALBA 2006 Loans, £5,000). The level of early repayment charges depends upon the terms of the relevant ALBA 2006 Loan but is typically on a decreasing sliding scale over the first two or three years.

As at the date of the Prospectus, the period within which Mortgage Early Repayment Charges were payable has expired, and hence no Mortgage Early Repayment Charges will accrue in respect of the ALBA 2006 Loans.

Origination Procedures and Monitoring of Brokers

GMAC-RFC may derive its mortgage business from a network of Packagers (as defined below) who may be remote processors. None of the Loans in the Provisional Portfolio are derived from direct dealings with consumers. GMAC-RFC regularly monitors the performance of all its partners during the course of its business.

GMAC-RFC sources its mortgage business primarily through a network of authorised packagers that have been approved by GMAC-RFC (the "**Packagers**") for the submission of loan applications and the introduction of potential borrowers to GMAC-RFC and its mortgage and related financial products. GMAC-RFC has approximately 90 such Packagers operating throughout the United Kingdom, and many of these Packagers have their own network of mortgage intermediaries attracting business on their behalf. GMAC-RFC has sourced and will source business direct from mortgage intermediaries that are authorised by the FSA to conduct mortgage business in so far as may be required under the FSMA. See "*Regulation of residential secured lending (other than Regulated Mortgage Contracts)*". This business is processed through GMAC-RFC's headquarters in Bracknell. From time to time, a number of these intermediaries also carry on packaging activities for GMAC-RFC.

GMAC-RFC requires professional and business standards to be met as a precondition to becoming one of its Packagers or Remote Processors. Before becoming a GMAC-RFC Packager or Remote Processor, a packager or remote processor must, among other things, confirm that: (a) it holds all necessary authorisations and permissions under the FSMA in respect of its activities as a packager or remote processor; (b) it was (before 1 March 2000) registered under the Data Protection Act 1984 or (on and after 1 March 2000) notified under the Data Protection Act 1998; (c) it will comply with the Guidelines for non-standard lending; and (d) it holds, and will maintain, a Consumer Credit Licence. Before N(M), packagers or remote processors were required to confirm that they were registered with the appropriate self-regulatory body before becoming a GMAC-RFC Packager or Remote Processor.

GMAC-RFC also operates a remote processing programme. The participating firms in the remote processing programme (the "**Remote Processors**") originate loans on behalf of GMAC-RFC using GMAC-RFC's standard terms mortgage documentation. The Remote Processors use underwriters who are trained and supervised by GMAC-RFC to apply GMAC-RFC's Lending Criteria. An underwriter who is employed by GMAC-RFC and located on the Remote Processor's premises gives the final approval for each mortgage application.

KMC and FPMF follow the Guidelines. The Guidelines regulate the activities of lenders in relation to their activities in the non-status lending market in areas such as advertising and marketing, loan documentation and contract terms, the relationship between lenders and brokers, selling methods, underwriting, dual interest rates and early redemption payments. The Guidelines promote transparency in all dealings with borrowers, requiring clear contract terms and conditions to be provided promptly with full explanations of all fees and charges payable by the borrower in connection with the mortgage.

The Guidelines, like the Mortgage Code, provide that lenders must carry on responsible lending, with all underwriting decisions being subject to a proper assessment of the borrower's ability to repay, taking into account all relevant circumstances, such as the purpose of the loan, the borrower's income, outgoings, employment and previous credit history. Lenders must take all reasonable steps to verify the accuracy of information provided by borrowers on or in support of the loan application and all underwriting staff must be properly trained and supervised.

Throughout the term of the mortgage, the Guidelines emphasise prompt notification to borrowers of any changes in the terms and conditions of the mortgage. For example, the lender may not change the borrower's monthly payment date unilaterally unless two months' notice has been given and the borrower must be given at least fourteen days' notice of any variation to the applicable interest rate.

Lending Criteria of GMAC-RFC

The following is a summary of the GMAC-RFC Lending Criteria that were applied (subject to GMAC-RFC taking reasonable steps to ensure it was the case (and that any discretions to deviate from such criteria were exercised in accordance with GMAC-RFC's policies)) in respect of the GMAC-RFC Loans in the Portfolio.

Security

- (a) GMAC-RFC requires a first legal charge over the Property. It must be used by the Borrower(s) for private residential purposes only. Full vacant possession must be obtained at completion and no part let or part possession will be accepted.
- (b) A mortgage valuation is required in respect of any property offered to GMAC-RFC as security for a mortgage advance. The inspection must be carried out by a professional valuer on GMAC-RFC's approved panel of valuers, as agreed from time to time and managed and monitored by credit risk. For a buy to let ("**BTL**") Mortgage, the valuation report must provide an estimate of the rental income that may be obtained and must also provide comparables in line with the valuation.
- (c) Property securing a BTL Mortgage must be let on a six or 12 month assured shorthold tenancy or on a company let not exceeding 36 months. It must be let within three months of completion of the Mortgage, and remain available for letting throughout the term of the Mortgage.
- (d) Property securing a BTL Mortgage may not be occupied by the borrower.
- (e) The following property types are considered unacceptable security:
 - Freehold flats and maisonettes (in England & Wales only)
 - Residential flats above commercial premises, with an LTV of more than 85 per cent.
 - Investment flats above commercial premises, with an LTV of more than 75 per cent.
 - Studio flats
 - Properties with unexpired lease term of less than 30 years at end of the mortgage term.

- Shared ownership properties
- Tenanted properties (residential only)
- Investment properties (residential only)
- Commercial properties
- Properties subject to agricultural restrictions
- Properties under 10 years old without one of the following:
 - NHBC Certificate
 - Zurich Municipal Guarantee
 - Architect’s Certificate (RIBA)
 - Chartered Building Surveyor’s Certificate (RICS)
- Properties where stage payments are required
- Unimproved/uninhabitable properties i.e. no kitchen or bathroom.
- Properties with two kitchens and/or multiple services on BTL mortgages
- Properties with greater than two kitchens and/or multiple services on residential mortgages.
- Prefabricated or large panel concrete construction (LPS).
- Pre-fabricated reinforced concrete construction (PRC).
- Concrete block construction designated Mundic
- Properties of high alumina cement
- BISF, metal and steel framed properties
- Any property designated defective under the Housing Act
- Properties of 100 per cent. timber construction
- Properties with ongoing structural movement or movement that requires monitoring
- Underpinned properties where no guarantees are available
- Uninsurable properties, or properties subject to an ongoing insurance claim
- Properties where future saleability may be adversely affected by the presence of electricity pylons or other forms of transmitter
- Properties likely to be adversely affected by local planning, e.g. road widening
- Properties where an unsatisfactory mining search is received

- Grade 1 listed buildings
- Second homes/holiday homes
- Mobile homes and houseboats
- Properties with land in excess of 5 hectares/12 acres.

Where the valuation report indicates:

- The interior/exterior condition of the property is poor & demand is poor
- The saleability of the property is affected by local factors & demand is poor

Loan size

GMAC-RFC ALBA 2006 Loans will have been £25,000 or more at the time of completion. The maximum loan size is £750,000 for verified loans and £500,000 for self-certified mortgage loans and BTL mortgage loans.

Loan to Value

The loan to value ratio ("LTV") is calculated by dividing the gross principal amount (net of any fees) committed at completion of the mortgage loan by the lower of the valuation of the Property or, in the case of a mortgage loan made for financing the purchase of a Property, the disclosed purchase price (except in exceptional cases, i.e. where the purchase price that has been paid reflects a discount). GMAC-RFC does not originate mortgage loans with an LTV higher than 95 per cent (90 per cent for self-certified Loans, 85 per cent for BTL Mortgages), subject to exceptions in certain circumstances.

Term

Each Mortgage must have an initial term of between 5 and 30 years.

Borrowers

- (a) Borrowers must be natural persons, and have been at least 18 years of age prior to completion of the Loan.
- (b) A maximum number of 4 Borrowers are allowed to be parties to a Loan or 2 Borrowers for BTL Mortgages.
- (c) The Borrower's credit and employment history will have been assessed with the aid of one or more of the following:
 - Search supplied by credit reference agency
 - Confirmation of voters roll entries or proof of residency
 - Reference from current employers
 - Accountant's certificate
 - Reference from current lenders
 - Reference from current landlords

- (d) Only 1 satisfied CCJ/default is permitted with a total value of £300. The restriction will only apply in the following circumstances:
- Where the CCJ/default was registered more than 3 years ago and satisfied at time of application
 - Where the CCJ/default was satisfied more than 12 months prior to application, regardless of the date of registration
 - Where the CCJ/default was registered more than 6 years ago, ignored regardless of whether or not it was satisfied/settled.
- In these instances there will be no limit on the number or value of CCJ/defaults permitted. Where the CCJ/default has been satisfied/settled within the last 12 months, it will not be acceptable regardless of number or value.
- (e) Where satisfaction of CCJs is a requirement of the Loan, a certificate of satisfaction must have been provided.
- (f) Borrowers who were the subject of a BO must have provided a certificate of discharge. Borrowers who were the subject of an IVA will have provided a confirmation of satisfactory conduct of the IVA where appropriate.

Income

BTL Mortgages are deemed to be self-funding. Applicants will declare on the application form details of income and occupation, but no further information is required. Unemployed applicants (not including housewives) will be unacceptable. Gross monthly rental income must be at least 100 per cent. of the monthly mortgage interest payments. Affordability is calculated at the current interest rate of the Loan or the Bank of England repo rate plus a reference margin. The reference margin ranges from 1.00 per cent. to 1.25 per cent.

Solicitors

GMAC-RFC will normally instruct the applicant's solicitor to act on its behalf provided that the firm meets the following criteria:

- Has a minimum of two partners
- Has indemnity insurance in place (minimum £1,000,000)
- All partners have current practising certificates

Sole practitioners will not be instructed to act on behalf of the company. Licensed conveyancers will not normally be instructed to act on behalf of the company.

Retentions

GMAC-RFC does not allow partial retentions. For applications where a retention of £5,000 or less, and provided that the works are not related to structural faults or dry rot, the company will proceed on the basis that the applicant(s) undertake(s) to carry out the necessary works within a specified period of completion. This will normally be three or six months, depending upon the nature of the works. Lending will be based on the after-works value, provided the LTV does not exceed 100 per cent. based on the current valuation, no matter what the nature of the works required or the actual cost. The 'after- works' value can be no more than 10 per cent. higher than the 'present-condition' valuation.

Exceptions/Changes to the GMAC-RFC Lending Criteria

GMAC-RFC took reasonable steps at the time of origination of the GMAC-RFC Loans to ensure that the GMAC-RFC Lending Criteria were satisfied (and that any discretions were exercised in accordance with GMAC-RFC's policies).

Lending Criteria of KMC

The following is a summary of the KMC Lending Criteria that were applied (subject to such deviation made in accordance with the standard of a prudent residential mortgage lender) in respect of the KMC Loans in the Portfolio.

Security

- (a) Each mortgage loan must be secured by a first legal mortgage over a Property in England or Wales, the primary use of which is residential.
- (b) Only Property of standard construction intended for use wholly or partly as a principal place of residence. A Property which may be let as a holiday letting is acceptable.
- (c) Properties under 10 years old will have the benefit of a NHBC, Zurich, Premier guarantee or an architect's certificate or equivalent guarantee from an acceptable body.
- (d) The following types of building are deemed unacceptable as security:
 - (i) Properties of 100 per cent. timber construction
 - (ii) Properties designated as defective under the Housing Defects Act 1984 and 1985
 - (iii) Properties containing Mundic Block materials
 - (iv) Ex-local authority flats and maisonettes
 - (v) High rise flats
 - (vi) Studio flats
 - (vii) Steel framed properties

The following property types are generally never acceptable:

- (i) Properties with agricultural restrictions.
- (ii) Properties determined as unacceptable security.
- (iii) Properties less than 1 year old without either a NHBC certificate, Architects' Certificate, Premier Guarantee or Zurich Municipal Building Guarantees.
- (iv) Properties not wholly owned by the borrower. For example where equity is retained by a builder/developer, housing association or third party.
- (v) Shared ownership.
- (vi) Multi-unit properties.

- (vii) Prefabricated re-enforced concrete (repaired or not).
- (viii) Flats above commercial premises.
- (e) Each Property offered as security will have been valued by a qualified surveyor (ARICS or equivalent qualification) chosen from a panel of valuation firms approved by FPMF and the Agent.
- (f) Where the value of the security is over £500,000, the valuation report is to be countersigned by a Regional Director (or equivalent) of the panel surveying firm. Where the value of the security is greater than £500,001 and the LTV is 70 per cent. or more, in addition to a counter signatory requirement, an additional panel valuation report is to be obtained, the cost of which to be borne by KMC. Where a second valuation has been obtained, lending will be based on the lower of the two valuation figures.
- (g) At the time of completion, the relevant Property must have been insured under a policy with an insurance company against fire and other commercial risks for an amount not less than the full reinstatement value determined by a valuer approved by FPMF or KMC and that FPMF or KMC became either the sole or joint insured or its interest was noted by the insurers or, in the case of leasehold property, is covered by a landlord's building insurance policy, with, where possible, the interests of FPMF or KMC and the mortgagor endorsed or deemed noted thereon, in each case with a reputable insurance company agreed to by FPMF, against all risks usually covered by a prudent mortgage lender when advancing money on the security of property of the same nature to an amount not less than the full reinstatement value determined at or around the time the related mortgage loan was made and FPMF or KMC has not received notice of any circumstances giving the insurer thereunder the right to avoid or terminate the policy.
- (h) Loans may, in some cases, have the benefit of additional security by way of collateral security over one or more life insurance policies.

Loan Amount

Mortgage loans must be at least £25,001 (excluding fees and expenses). Mortgage loans (including Further Advances) will not exceed £1,000,000 at any time during the life of the mortgage loan.

Loan to Value

The LTV is calculated by dividing the gross principal amount advanced at completion of the Loan by the value of the Property at origination of the Loan or, in some cases, the lower of such valuation and the sale price.

The LTV of each mortgage loan at the date of the initial advance and any further advance must be no more than 90 per cent. (exclusive of any arrangement fee which may be added to the mortgage loan).

Term

Each mortgage loan must have an initial term of between 5 and 30 years and (except for a Loan which is a repayment Loan) have no scheduled principal repayment prior to its stated final maturity.

Borrowers

Borrowers must be natural persons, and have been at least 18 years of age prior to completion of the Loan.

A maximum number of 4 Borrowers are allowed to be parties to a mortgage loan. Only the 2 highest incomes of such Borrowers will be used for calculating the lending available.

The Borrower's credit and employment history will have been assessed with the aid of one or more of the following:

- Search supplied by credit reference agency
- Confirmation of voters roll entries or proof of residency
- Reference from current employers
- Accountant's certificate
- Reference from current lenders
- Reference from current landlords
- CAIS information

A CCJ/Decree satisfied more than 12 months prior to application and CCJs for £100 or less whether satisfied or not or CCJs more than 2 years old will not be considered as adverse credit for the purposes of the KMC Lending Criteria and whilst still annotated on the underwriting progress chart, will be disregarded when assessing product eligibility. Explanations for these are not required.

Where satisfaction of CCJs is a requirement of the Loan, a certificate of satisfaction must have been provided.

Borrowers who were the subject of a BO must have provided a certificate of discharge. Borrowers who were the subject of an IVA will have provided a confirmation of satisfactory conduct of the IVA where appropriate.

Income

Income is determined by reference to the application form and supporting documentation, where appropriate, and may consist of salary plus additional regular remuneration for employed Borrowers, net profit plus any additional income confirmed by the accountant for self-employed Borrowers (holding at least 25 per cent. of the issued share capital of the company, partner in a partnership, or a sole trader), pensions, investments and rental income, and other monies approved by an authorised officer of FPMF or its delegate or agent.

The maximum mortgage loan will not exceed the higher of 3.5 times the assessed income of the primary borrower plus 1 times the assessed income of the secondary borrower, or 3 times the combined assessed incomes of the primary and secondary Borrowers.

Solicitors

The firm of solicitors acting on behalf of KMC must have at least two practising partners or alternatively the mortgage loan must be originated in accordance with the relevant procedure for completion of mortgage loans the subject of title insurance.

Further Advances in relation to Loans

None of the Issuer, the ALBA 2006 Servicer or the ALBA 2006 Legal Title Holder will offer or make any Further Advances.

Ported Loans

The ALBA 2006 Legal Title Holder may, on behalf of the Issuer, permit an ALBA 2006 Loan to become a Ported Loan if permitted by the relevant mortgage conditions, or if required by applicable law.

Conversions of Loans

The ALBA 2006 Legal Title Holder may, subject to certain conditions, on behalf of the Issuer agree to a request from a Borrower to convert such Borrower's mortgage loan into a different type of mortgage loan.

Insurance Policies

Pursuant to the mortgage sale agreement dated 24 February 2006 between, amongst others, GMAC-RFC and the ALBA 2006 Legal Title Holder (the "**Original GMAC-RFC Pool Mortgage Sale Agreement**"), GMAC-RFC assigned to the ALBA 2006 Legal Title Holder all of its right, title, interest and benefit under a title insurance policy with London & European Title Insurance Services Limited (the "**GMAC-RFC Title Insurance**") and a local search indemnity policy with Legal and Insurance Services Limited (the "**GMAC-RFC Local Search Indemnity Policy**"). Pursuant to the mortgage sale agreement dated 17 March 2006 between, amongst others, KMC, FPMF and the ALBA 2006 Legal Title Holder (the "**Original KMC Pool Mortgage Sale Agreement**"), each of KMC and FPMF assigned to the ALBA 2006 Legal Title Holder all of its right, title, interest and benefit under a title insurance policy with First Title Insurance plc (the "**KMC Title Insurance**" and, together with the GMAC-RFC Title Insurance, the "**Title Insurance**") and a local search and indemnity policy with Norwich Union (the "**KMC Local Search Indemnity Policy**" and, together with the GMAC-RFC Local Search Indemnity Policy, the "**Local Search Indemnity Policy**"). Each Title Insurance insures the ALBA 2006 Legal Title Holder against the risk of losses arising from any defect or encumbrance precluding the registration of full title and a first legal charge on the relevant Property. Each Local Search Indemnity Policy insures the ALBA 2006 Legal Title Holder against risk of losses resulting from adverse entries against Properties the subject of Mortgages in the register of local land charges or replies to enquiry in Form Con29 of the local authority or sewerage undertaker.

The ALBA 2006 Legal Title Holder has obtained insurance policies with Canopus, a syndicate at Lloyds of London (i) to address the risk that Borrowers may have failed to obtain building insurance over the relevant Property (ii) to address the risk that any Borrower's building insurance policy has lapsed or is invalid, and (iii) to automatically provide building insurance for the ALBA 2006 Legal Title Holder should the ALBA 2006 Legal Title Holder, after taking enforcement procedures in respect of any Mortgage Loan, take possession of any Properties. The insurance policies described in paragraphs (i), (ii) and (iii), together with the Title Insurance and the Local Search Indemnity Policy, are referred to as the "**Insurance Policies**".

The ALBA 2006 Legal Title Holder pursuant to certain mortgage sale agreements, assigned to ALBA 2006 all of its right, title, interest and benefit under the Insurance Policies. The Seller will, pursuant to the Mortgage Sale Agreement, assign to the Issuer all of its right, title, interest and benefit under the Insurance Policies which it has by virtue of the ALBA 2006 Mortgage Sale Agreement.

B. THE ALBA 2015 LOANS

Characteristics of the ALBA 2015 Loans

The ALBA 2015 Loans have different repayment methods, as described as follows:

- **"Repayment ALBA 2015 Loan"**: the Borrower makes monthly payments of both interest and principal so that, when the ALBA 2015 Loan matures, the full amount of the principal of that ALBA 2015 Loan will have been repaid;
- **"Interest-only ALBA 2015 Loan"**: the Borrower makes monthly payments of interest but not of principal so that, when the ALBA 2015 Loan matures, the entire principal amount of the Loan is still outstanding and is payable in one lump sum; or
- **combination Repayment and Interest-only ALBA 2015 Loan**: this situation most often occurs when the Borrower had an interest only loan with a repayment vehicle on a prior mortgaged property, and after selling that mortgaged property the Borrower purchased a property with a loan where the subsequent home was either more expensive than the prior home or the Borrower took out a larger loan or further advance. The Borrower used the existing interest only repayment vehicle for the substitute loan or further advance and made up the difference between the anticipated maturity value of the interest only repayment vehicle and the higher loan amount with a repayment mortgage. The required monthly payment in connection with repayment loans or interest only loans may vary from month to month for various reasons, including changes in interest rates.

The required monthly payment in respect of the ALBA 2015 Loans may alter from month to month for various reasons, including changes in interest rates.

For Interest-only ALBA 2015 Loans, because the principal is repaid in a lump sum at the maturity of the loan, the Borrower is recommended to have some repayment mechanism (such as an investment plan) which is intended to provide sufficient funds to repay the principal at the end of the term.

Principal prepayments may be made in whole or in part at any time during the term of a Loan, subject to the payment of any Early Repayment Charges (as described in "*Overpayments and Early Repayment Charges*" below). A prepayment of the entire outstanding balance of a loan discharges the mortgage. Any prepayment in full must be made together with all accrued interest, arrears of interest, any unpaid expenses and any applicable repayment fee(s).

Various methods are available to Borrowers for making payments on the Loans, including:

- Direct Debit from a bank or building society account; and
- standing order from a bank or building society account.

Overpayments and Early Repayment Charges

Overpayments – Overpayments are allowed on all products, although an Early Repayment Charge may be payable. Borrowers may either increase their regular monthly payments above the normal monthly payment then applicable or make lump sum payments at any time.

For the ALBA 2015 Loans in the Provisional Portfolio, if Borrowers with daily calculations of interest pay more than the scheduled monthly payment, the overpayment amount will be applied to the balance on their mortgage loan, which will be reduced accordingly, and, if applicable, any Early Repayment Charge will be

incurred. The ALBA 2015 Servicer will charge interest on the reduced balance, which reduces the amount of interest the Borrower must pay.

Early Repayment Charges – The Borrower may be required to pay an Early Repayment Charge if certain events occur during the predetermined product period and the ALBA 2015 Servicer has not waived or revised its policy with regards the payment of early repayment charges. These events include a full or partial unscheduled repayment of principal, or an agreement between the ALBA 2015 Servicer and the Borrower to switch to a different mortgage product. If all or part of the principal owed by the Borrower, other than the scheduled monthly payments, is repaid before the end of the product period, the Borrower may be liable to pay a repayment fee based on the amount repaid or switched to another product.

Amounts of principal may be prepaid in full or in part on any Business Day. The Borrower may make an early repayment of a part of the principal due on the relevant Loan.

As all ALBA 2015 Loans were originated more than five years ago, it is unlikely that any prepayment fee will be due on the ALBA 2015 Loans.

Interest Rate Setting for Loans

The applicable rate of interest accruing under each Loan is referred to as the "**Mortgage Rate**". The Portfolio consists of:

- (a) BBR-Linked Loans;
- (b) LIBOR-Linked Loans; and
- (c) SVR Loans.

As at the Portfolio Reference Date, the Provisional Portfolio consists of approximately (i) 18.98 per cent. by Current Balance of ALBA 2015 Loans which are Loans linked to three-month LIBOR (the "**LIBOR-Linked ALBA 2015 Loans**") where the applicable Mortgage Rate is calculated by reference to LIBOR plus a fixed margin expressed as a percentage over three-month LIBOR; (ii) 79.62 per cent. by Current Balance of the ALBA 2015 Loans which are Bank of England base rate-linked mortgage loans (the "**BBR-Linked ALBA 2015 Loans**") where the applicable Mortgage Rate is calculated by reference to the Bank of England base rate plus a fixed margin expressed as a percentage over BBR and (iii) 1.41 per cent. by Current Balance of the ALBA 2015 Loans which are subject to the ALBA 2015 Legal Title Holder's prevailing published standard variable rate ("**SVR**" or "**Standard Variable Rate**") from time to time ("**SVR ALBA 2015 Loans**").

LIBOR for the LIBOR-Linked Loans is determined quarterly in relation to the Loans by the ALBA 2015 Servicer on behalf of the Issuer.

There is one prevailing SVR set by the ALBA 2015 Servicer on behalf of the ALBA 2015 Legal Title Holder. To the best of the Seller's knowledge, the SVR is not subject to any cap or floor over a specified market index.

Non-Conforming Borrowers

The ALBA 2015 Loans are to Borrowers who have previously been subject to poor credit history, are self-employed, have self-certified their incomes or are otherwise considered by banks and building societies to be non-prime borrowers (such borrowers, "**Non-Conforming Borrowers**"). Loans made to Non-Conforming Borrowers may experience higher rates of delinquency, write-offs, enforcement and bankruptcy than have historically been experienced made to prime borrowers and therefore carry a higher degree of risk.

The ALBA 2015 Loans have been underwritten generally in accordance with the underwriting standards of the relevant Originator. Those underwriting standards consider, among other things, a borrower's credit history, employment history and status, repayment ability and debt service-to-income ratio, as well as the value of the property. Those underwriting standards are used with a view, in part, to mitigating risks in lending to Non-Conforming Borrowers.

The Seller was not the originator of such ALBA 2015 Loans and therefore was not involved in the origination of the Loans and has no knowledge of the lending criteria applicable to any ALBA 2015 Loan.

Right to Buy Loans

The Portfolio includes ALBA 2015 Loans which are right to buy mortgage loans ("**Right to Buy Loans**"), each being a loan entered into by a Borrower as a means to purchase, refinance or improve a residential property from a local authority or certain other landlords under "right to buy" schemes which are subject to the provisions of the Housing Act 1985 (as amended by the Housing Act 2004) (in the case of English Mortgages) (as applicable) or the Housing (Scotland) Act 1987 (as amended) (in the case of Scottish Mortgages).

Mortgage Payment Dates

All Borrowers are obliged to make monthly payments of interest and, if applicable, principal as required by the conditions of the Loans contained in the relevant Mortgage Documents. The ALBA 2015 Loans have payment dates throughout the month.

General provisions applicable to the ALBA 2015 Loans

Valuation

Investors should be aware that, other than the valuation of Properties undertaken as at origination, no revaluation of any Property has been undertaken by the Seller, the Retention Holder, the Issuer or the ALBA 2015 Servicer (as the case may be), the Security Trustee or any other person in respect of the issue of the Notes and the Residual Certificates and the valuations quoted are at the date of the original mortgage loan origination.

Enforcement Procedures

The Servicer has established procedures to adhere to when managing mortgage loans that are in arrears ("**Enforcement Procedures**"), including early contact with Borrowers in order to find a solution to any financial difficulties they may be experiencing, agreeing payment plans with the related Borrower and deciding to take or not to take enforcement action against the Borrower and/or in respect of the Property. These same procedures as from time to time varied in accordance with the practice of a Reasonable, Prudent Residential Mortgage Servicer as dictated by the Servicer will continue to be applied in respect of arrears arising on the ALBA 2015 Loans. In this context, the Enforcement Procedures will be operated by the Servicer.

Servicing of the Portfolio

The ALBA 2015 Servicer will be required from the Closing Date to service the Portfolio as an agent of the Issuer and the Security Trustee and, where applicable, the ALBA 2015 Legal Title Holder under and in accordance with the terms of the ALBA 2015 Servicing Agreement. The duties of the ALBA 2015 Servicer will include, among other things:

- operating the ALBA 2015 collection account and ensuring that payments are made into and from the Collection Account in accordance with the ALBA 2015 Servicing Agreement;

- notifying the Borrowers of any change in their Monthly Instalments;
- providing a redemption statement upon the request of a Borrower or the Borrower's solicitor or licensed or qualified conveyancer;
- taking reasonable steps to recover all sums due to the Issuer in accordance with the ALBA 2015 Servicing Agreement, including by the institution of proceedings and/or the enforcement of any Mortgage or any Related Security; and
- taking actions and doing things pursuant to the ALBA 2015 Servicing Agreement which it would be reasonable to expect a Reasonable, Prudent Residential Mortgage Servicer to do in administering its mortgages.

Insurance Contracts

Buildings Insurance

There are no insurance policies, including block insurance policies, in place in relation to the Loans other than those taken out by individual Borrowers.

Governing Law

Each of the English ALBA 2015 Loans and any non-contractual obligations arising out of or in connection with them are governed by English law. Each of the Northern Irish ALBA 2015 Loans and any non-contractual obligations arising out of or in connection with them are governed by Northern Irish Law. Each of the Scottish ALBA 2015 Loans and any non-contractual obligations arising out of or in connection with them are governed by Scots law.

HISTORICAL PERFORMANCE OF THE MORTGAGE PORTFOLIO

The information consists of CPR, CDR, Loss Severity and Months in Arrears of the ALBA 2006 Loans and ALBA 2015 Loans. No assurance can be made as to the performance of a particular pool of loans, whether similar to the information shown below for loans originated during any particular period or otherwise.

ALBA 2006 Loans CPR

The table below sets out on a quarterly basis the annualised constant prepayment rate ("CPR") as well as 1 year average of CPR for the ALBA 2006 Loans. CPR means the amount expressed as a periodical percentage of principal prepaid in excess of scheduled repayments.

| | Annualised Quarterly CPR | 1 year Average of Annualised Quarterly CPR |
|----------|--------------------------|--|
| May-2009 | 9.71% | |
| Aug-2009 | 3.76% | |
| Nov-2009 | 4.97% | |
| Feb-2010 | 6.49% | 6.23% |
| May-2010 | 3.00% | 4.56% |
| Aug-2010 | 3.95% | 4.60% |
| Nov-2010 | 2.82% | 4.07% |
| Feb-2011 | 4.38% | 3.54% |
| May-2011 | 1.84% | 3.25% |
| Aug-2011 | 3.07% | 3.03% |
| Nov-2011 | 3.74% | 3.26% |
| Feb-2012 | 3.99% | 3.16% |
| May-2012 | 2.47% | 3.32% |
| Aug-2012 | 5.32% | 3.88% |
| Nov-2012 | 1.82% | 3.40% |
| Feb-2013 | 2.44% | 3.01% |
| May-2013 | 2.04% | 2.91% |
| Aug-2013 | 4.95% | 2.81% |
| Nov-2013 | 5.68% | 3.78% |
| Feb-2014 | 3.46% | 4.03% |
| May-2014 | 6.41% | 5.13% |
| Aug-2014 | 5.81% | 5.34% |
| Nov-2014 | 4.18% | 4.97% |
| Feb-2015 | 5.10% | 5.38% |
| May-2015 | 4.33% | 4.86% |
| Aug-2015 | 5.91% | 4.88% |
| Nov-2015 | 6.07% | 5.35% |
| Feb-2016 | 8.43% | 6.19% |
| May-2016 | 7.92% | 7.08% |
| Aug-2016 | 10.53% | 8.24% |
| Nov-2016 | 6.54% | 8.36% |
| Feb-2017 | 8.31% | 8.33% |
| May-2017 | 4.71% | 7.52% |
| Aug-2017 | 8.36% | 6.98% |
| Nov-2017 | 13.12% | 8.63% |
| Feb-2018 | 8.36% | 8.64% |
| May-2018 | 6.15% | 9.00% |
| Aug-2018 | 6.56% | 8.55% |
| Nov-2018 | 11.83% | 8.23% |
| Feb-2019 | 5.29% | 7.46% |
| May-2019 | 6.28% | 7.49% |

| | | |
|----------|--------|--------|
| Aug-2019 | 8.30% | 7.93% |
| Nov-2019 | 10.74% | 7.65% |
| Feb-2020 | 13.58% | 9.73% |
| May-2020 | 10.82% | 10.86% |

Source: Intex (as of 4 August 2020)

ALBA 2006 Loan CDR

The table below sets out on a monthly and annualised basis the annualised constant default rate ("CPR") for the ALBA 2006 Loans. CDR means the amount expressed as a periodical percentage of new repossessions in the period versus the beginning period current balance.

| | New Repossessions in the Period | Beginning Period Current Collateral Balance | Annualised Quarterly CDR | Annual CDR |
|----------|---------------------------------|---|--------------------------|------------|
| May-2009 | 3,140,285 | 204,737,142 | 6.00% | |
| Aug-2009 | 1,296,563 | 193,442,693 | 2.65% | |
| Nov-2009 | 518,271 | 187,219,646 | 1.10% | |
| Feb-2010 | 1,960,642 | 183,048,280 | 4.22% | 3.38% |
| May-2010 | 393,574 | 178,521,703 | 0.88% | 2.16% |
| Aug-2010 | 808,031 | 174,976,813 | 1.83% | 1.97% |
| Nov-2010 | 387,893 | 171,948,734 | 0.90% | 1.94% |
| Feb-2011 | 432,225 | 169,450,941 | 1.02% | 1.13% |
| May-2011 | 835,684 | 166,820,049 | 1.99% | 1.41% |
| Aug-2011 | 979,968 | 165,268,034 | 2.35% | 1.53% |
| Nov-2011 | 414,110 | 163,238,208 | 1.01% | 1.57% |
| Feb-2012 | 84,913 | 160,031,117 | 0.21% | 1.39% |
| May-2012 | 441,967 | 157,445,974 | 1.12% | 1.16% |
| Aug-2012 | 338,818 | 155,496,455 | 0.87% | 0.78% |
| Nov-2012 | 613,164 | 153,341,216 | 1.59% | 0.92% |
| Feb-2013 | 1,398,303 | 151,521,707 | 3.64% | 1.77% |
| May-2013 | 521,144 | 149,885,195 | 1.38% | 1.85% |
| Aug-2013 | 1,007,137 | 147,082,079 | 2.71% | 2.31% |
| Nov-2013 | 0 | 144,617,982 | 0.00% | 1.93% |
| Feb-2014 | 226,997 | 141,372,587 | 0.64% | 1.17% |
| May-2014 | 628,156 | 139,457,510 | 1.79% | 1.27% |
| Aug-2014 | 0 | 136,759,595 | 0.00% | 0.59% |
| Nov-2014 | 571,933 | 133,583,353 | 1.70% | 1.01% |
| Feb-2015 | 377,903 | 131,512,688 | 1.14% | 1.13% |
| May-2015 | 247,475 | 129,003,767 | 0.77% | 0.88% |
| Aug-2015 | 0 | 126,884,269 | 0.00% | 0.90% |
| Nov-2015 | 0 | 123,927,762 | 0.00% | 0.48% |
| Feb-2016 | 0 | 121,323,915 | 0.00% | 0.19% |
| May-2016 | 246,782 | 118,357,588 | 0.83% | 0.19% |
| Aug-2016 | 356,467 | 115,216,274 | 1.23% | 0.49% |
| Nov-2016 | 281,013 | 111,473,424 | 1.00% | 0.73% |
| Feb-2017 | 344,146 | 109,078,915 | 1.26% | 1.04% |
| May-2017 | 319,910 | 106,154,487 | 1.20% | 1.13% |
| Aug-2017 | 0 | 103,921,092 | 0.00% | 0.85% |
| Nov-2017 | 0 | 101,107,484 | 0.00% | 0.61% |
| Feb-2018 | 0 | 97,271,363 | 0.00% | 0.30% |
| May-2018 | 436,882 | 95,079,954 | 1.83% | 0.42% |
| Aug-2018 | 139,795 | 93,669,456 | 0.60% | 0.57% |

| | | | | |
|----------|---------|------------|-------|-------|
| Nov-2018 | 0 | 90,459,324 | 0.00% | 0.59% |
| Feb-2019 | 0 | 87,824,523 | 0.00% | 0.61% |
| May-2019 | 0 | 86,451,366 | 0.00% | 0.15% |
| Aug-2019 | 0 | 84,372,232 | 0.00% | 0.00% |
| Nov-2019 | 0 | 82,549,767 | 0.00% | 0.00% |
| Feb-2020 | 134,577 | 80,232,543 | 0.67% | 0.16% |
| May-2020 | 0 | 77,357,028 | 0.00% | 0.16% |

Source: Intex (as of 4 August 2020)

ALBA 2006 Loans - Loss Severity

The table below sets out on loss severity ("**Loss Severity**") for ALBA 2006 Loans. Loss Severity is calculated as the ratio of losses in the relevant month to the balance of the loan after repossession and prior to sale.

| Month | Weighted Average Loss Severity | Number of Sales |
|--------|--------------------------------|-----------------|
| Oct-09 | 22.88% | 2 |
| Nov-09 | 23.99% | 2 |
| Dec-09 | 23.70% | 2 |
| Jan-10 | 30.09% | 6 |
| Feb-10 | 14.49% | 6 |
| Mar-10 | 38.66% | 6 |
| Apr-10 | 18.98% | 2 |
| May-10 | 31.61% | 2 |
| Jun-10 | 23.42% | 2 |
| Jul-10 | 0.00% | 1 |
| Aug-10 | 22.31% | 1 |
| Sep-10 | 7.27% | 1 |
| Oct-10 | 36.63% | 4 |
| Nov-10 | 16.41% | 1 |
| Dec-10 | 0.00% | 1 |
| Jan-11 | 33.57% | 1 |
| Mar-11 | 32.32% | 2 |
| Apr-11 | 25.58% | 1 |
| Aug-11 | 12.87% | 4 |
| Sep-11 | 40.06% | 4 |
| Oct-11 | 34.87% | 3 |
| Nov-11 | 31.20% | 3 |
| Dec-11 | 47.12% | 2 |
| Jan-12 | 41.42% | 1 |
| Feb-12 | 0.36% | 2 |
| Mar-12 | 15.96% | 2 |
| Apr-12 | 42.72% | 1 |
| Jun-12 | 52.60% | 1 |
| Jul-12 | 15.72% | 1 |
| Aug-12 | 24.28% | 3 |
| Sep-12 | 43.00% | 1 |
| Oct-12 | 11.71% | 1 |
| Nov-12 | 0.00% | 2 |
| Jan-13 | 0.00% | 1 |
| Feb-13 | 14.55% | 2 |
| Mar-13 | 0.00% | 2 |
| Apr-13 | 18.34% | 3 |

| | | |
|--------|--------|-----|
| May-13 | 22.33% | 3 |
| Jul-13 | 10.79% | 2 |
| Aug-13 | 0.00% | 1 |
| Sep-13 | 65.83% | 1 |
| Oct-13 | 0.00% | 1 |
| Nov-13 | 22.14% | 1 |
| Mar-14 | 14.83% | 1 |
| Apr-14 | 36.06% | 1 |
| May-14 | 15.08% | 2 |
| Jun-14 | 35.12% | 1 |
| Jul-14 | 0.00% | 1 |
| Aug-14 | 53.04% | 1 |
| Nov-14 | 7.98% | 2 |
| Dec-14 | 25.06% | 1 |
| Jan-15 | 17.61% | 1 |
| Feb-15 | 0.00% | 1 |
| May-15 | 0.00% | 1 |
| Jun-15 | 43.12% | 1 |
| Jul-15 | 12.34% | 2 |
| Aug-15 | 16.73% | 1 |
| Feb-16 | 3.10% | 1 |
| May-16 | 17.29% | 1 |
| Jun-16 | 0.00% | 1 |
| Nov-16 | 0.00% | 1 |
| Dec-16 | 0.00% | 1 |
| Feb-17 | 11.21% | 1 |
| Mar-17 | 0.00% | 1 |
| May-17 | 0.00% | 2 |
| Aug-17 | 42.56% | 1 |
| May-18 | 0.00% | 1 |
| Jun-18 | 13.48% | 1 |
| Aug-18 | 0.00% | 1 |
| Feb-19 | 10.72% | 1 |
| Feb-20 | 45.99% | 1 |
| Total | 20.58% | 123 |

Source: the ALBA 2006 Servicer

ALBA 2006 Loans- Months in Arrears

The table below sets out the ALBA 2006 Loans by number of months in arrears.

| | Loans 1 Month or more in Arrears | Loans 3 Month or more in Arrears |
|----------|----------------------------------|----------------------------------|
| May-2009 | 31.06% | 21.20% |
| Aug-2009 | 28.28% | 19.09% |
| Nov-2009 | 26.06% | 17.52% |
| Feb-2010 | 22.64% | 14.83% |
| May-2010 | 21.05% | 13.03% |
| Aug-2010 | 19.95% | 12.41% |
| Nov-2010 | 18.69% | 11.72% |
| Feb-2011 | 18.16% | 11.64% |
| May-2011 | 19.74% | 11.03% |
| Aug-2011 | 20.75% | 11.42% |

| | | |
|----------|--------|--------|
| Nov-2011 | 20.33% | 11.28% |
| Feb-2012 | 19.69% | 11.79% |
| May-2012 | 19.55% | 11.71% |
| Aug-2012 | 20.05% | 11.80% |
| Nov-2012 | 19.74% | 12.20% |
| Feb-2013 | 20.83% | 13.02% |
| May-2013 | 18.17% | 11.86% |
| Aug-2013 | 18.56% | 10.25% |
| Nov-2013 | 17.58% | 10.02% |
| Feb-2014 | 16.87% | 8.86% |
| May-2014 | 16.13% | 8.43% |
| Aug-2014 | 13.82% | 6.86% |
| Nov-2014 | 13.32% | 7.02% |
| Feb-2015 | 14.58% | 7.04% |
| May-2015 | 13.99% | 7.11% |
| Aug-2015 | 12.45% | 6.72% |
| Nov-2015 | 13.31% | 6.03% |
| Feb-2016 | 14.02% | 6.19% |
| May-2016 | 13.38% | 6.16% |
| Aug-2016 | 12.56% | 6.24% |
| Nov-2016 | 12.12% | 5.83% |
| Feb-2017 | 12.34% | 5.08% |
| May-2017 | 11.33% | 4.87% |
| Aug-2017 | 10.58% | 4.50% |
| Nov-2017 | 11.33% | 4.40% |
| Feb-2018 | 10.34% | 4.62% |
| May-2018 | 8.11% | 3.46% |
| Aug-2018 | 8.73% | 2.82% |
| Nov-2018 | 9.56% | 3.22% |
| Feb-2019 | 8.55% | 3.24% |
| May-2019 | 9.36% | 2.50% |
| Aug-2019 | 9.10% | 3.33% |
| Nov-2019 | 8.27% | 2.83% |
| Feb-2020 | 10.19% | 2.90% |
| May-2020 | 13.30% | 6.23% |

Source: Intex (as of 4 August 2020)

ALBA 2015 Loans - CPR

The table below sets out on a monthly basis the annualised constant prepayment rate ("CPR") as well as 1 year average of CPR for the ALBA 2015 Loans. CPR means the amount expressed as a periodical percentage of principal prepaid in excess of scheduled repayments.

| | Annualised Monthly CPR | 1 year Average of Annualised Quarterly CPR |
|----------|------------------------|--|
| May-2015 | 10.95% | |
| Jun-2015 | 7.67% | |
| Jul-2015 | 9.48% | |
| Aug-2015 | 10.75% | |
| Sep-2015 | 7.37% | |
| Oct-2015 | 7.20% | |
| Nov-2015 | 5.11% | |
| Dec-2015 | 7.22% | |
| Jan-2016 | 10.85% | |

| | | |
|----------|--------|-------|
| Feb-2016 | 1.41% | |
| Mar-2016 | 6.21% | |
| Apr-2016 | 3.05% | 7.27% |
| May-2016 | 7.51% | 6.99% |
| Jun-2016 | 6.55% | 6.89% |
| Jul-2016 | 6.27% | 6.63% |
| Aug-2016 | 5.81% | 6.21% |
| Sep-2016 | 3.58% | 5.90% |
| Oct-2016 | 7.64% | 5.93% |
| Nov-2016 | 6.25% | 6.03% |
| Dec-2016 | 7.62% | 6.06% |
| Jan-2017 | 11.39% | 6.11% |
| Feb-2017 | 1.95% | 6.15% |
| Mar-2017 | 9.04% | 6.39% |
| Apr-2017 | 10.18% | 6.98% |
| May-2017 | 5.50% | 6.82% |
| Jun-2017 | 4.20% | 6.62% |
| Jul-2017 | 8.61% | 6.81% |
| Aug-2017 | 9.99% | 7.16% |
| Sep-2017 | 3.10% | 7.12% |
| Oct-2017 | 11.93% | 7.48% |
| Nov-2017 | 7.16% | 7.56% |
| Dec-2017 | 5.25% | 7.36% |
| Jan-2018 | 17.12% | 7.84% |
| Feb-2018 | 6.18% | 8.19% |
| Mar-2018 | 3.83% | 7.75% |
| Apr-2018 | 10.50% | 7.78% |
| May-2018 | 6.94% | 7.90% |
| Jun-2018 | 8.74% | 8.28% |
| Jul-2018 | 11.12% | 8.49% |
| Aug-2018 | 2.54% | 7.87% |
| Sep-2018 | 2.47% | 7.82% |
| Oct-2018 | 5.37% | 7.27% |
| Nov-2018 | 5.94% | 7.17% |
| Dec-2018 | 9.14% | 7.49% |
| Jan-2019 | 9.89% | 6.89% |
| Feb-2019 | 5.14% | 6.80% |
| Mar-2019 | 5.38% | 6.93% |
| Apr-2019 | 4.83% | 6.46% |
| May-2019 | 10.53% | 6.76% |
| Jun-2019 | 4.88% | 6.44% |
| Jul-2019 | 9.73% | 6.32% |
| Aug-2019 | 3.71% | 6.42% |
| Sep-2019 | 10.24% | 7.07% |
| Oct-2019 | 6.39% | 7.15% |
| Nov-2019 | 5.34% | 7.10% |
| Dec-2019 | 2.72% | 6.57% |
| Jan-2020 | 7.35% | 6.35% |
| Feb-2020 | 3.98% | 6.26% |
| Mar-2020 | 3.88% | 6.13% |
| Apr-2020 | 11.59% | 6.70% |
| May-2020 | 5.07% | 6.24% |

| | | |
|----------|-------|-------|
| Jun-2020 | 2.27% | 6.02% |
| Jul-2020 | 4.11% | 5.55% |

Source: Intex (as of 4 August 2020)

ALBA 2015 Loans - CDR

The table below sets out on a monthly and annualised basis the annualised constant default rate ("CPR") for the ALBA 2015 Loans. CDR means the amount expressed as a periodical percentage of new repossessions in the relevant period versus the beginning period current balance.

| | New Repossessions in the Period | Beginning Period Current Collateral Balance | Annualised Monthly CDR | Annual CDR |
|----------|---------------------------------|---|------------------------|------------|
| May-2015 | 1,077,516 | 273,442,723 | 1.57% | |
| Jun-2015 | 805,341 | 270,258,979 | 3.52% | |
| Jul-2015 | 487,266 | 268,215,707 | 2.16% | |
| Aug-2015 | 682,801 | 265,621,833 | 3.04% | |
| Sep-2015 | 318,711 | 262,717,228 | 1.45% | |
| Oct-2015 | 0 | 260,757,711 | 0.00% | |
| Nov-2015 | 0 | 258,643,444 | 0.00% | |
| Dec-2015 | 0 | 257,087,761 | 0.00% | |
| Jan-2016 | 75,144 | 255,305,432 | 0.35% | |
| Feb-2016 | 0 | 252,239,039 | 0.00% | |
| Mar-2016 | 502,933 | 251,941,710 | 2.37% | |
| Apr-2016 | 105,693 | 250,276,282 | 0.51% | |
| May-2016 | 83,308 | 249,321,974 | 0.40% | 1.13% |
| Jun-2016 | 185,929 | 247,553,404 | 0.90% | 0.91% |
| Jul-2016 | 144,997 | 246,005,729 | 0.70% | 0.79% |
| Aug-2016 | 269,411 | 244,458,997 | 1.31% | 0.64% |
| Sep-2016 | 156,000 | 242,603,593 | 0.77% | 0.58% |
| Oct-2016 | 0 | 241,568,631 | 0.00% | 0.59% |
| Nov-2016 | 269,000 | 239,732,776 | 1.34% | 0.70% |
| Dec-2016 | 314,788 | 238,221,428 | 1.57% | 0.83% |
| Jan-2017 | 274,862 | 236,499,191 | 1.39% | 0.91% |
| Feb-2017 | 88,095 | 233,637,134 | 0.45% | 0.95% |
| Mar-2017 | 0 | 232,996,258 | 0.00% | 0.76% |
| Apr-2017 | 163,468 | 230,795,175 | 0.85% | 0.78% |
| May-2017 | 469,521 | 228,513,042 | 2.44% | 0.94% |
| Jun-2017 | 390,342 | 227,545,534 | 2.04% | 1.03% |
| Jul-2017 | 158,653 | 226,567,819 | 0.84% | 1.04% |
| Aug-2017 | 141,362 | 224,626,956 | 0.75% | 1.00% |
| Sep-2017 | 65,579 | 222,425,575 | 0.35% | 0.97% |
| Oct-2017 | 134,545 | 221,630,050 | 0.73% | 1.03% |
| Nov-2017 | 189,112 | 219,139,719 | 1.03% | 1.00% |
| Dec-2017 | 490,001 | 217,519,982 | 2.67% | 1.08% |
| Jan-2018 | 241,798 | 216,724,192 | 1.33% | 1.08% |
| Feb-2018 | 333,430 | 213,146,017 | 1.86% | 1.19% |
| Mar-2018 | 113,146 | 211,739,098 | 0.64% | 1.25% |
| Apr-2018 | 113,192 | 210,430,027 | 0.64% | 1.24% |
| May-2018 | 296,271 | 208,351,116 | 1.69% | 1.17% |
| Jun-2018 | 411,759 | 206,914,578 | 2.36% | 1.19% |
| Jul-2018 | 62,999 | 205,138,469 | 0.37% | 1.15% |
| Aug-2018 | 0 | 202,836,023 | 0.00% | 1.10% |
| Sep-2018 | 248,669 | 202,159,165 | 1.47% | 1.19% |

| | | | | |
|----------|---------|-------------|-------|-------|
| Oct-2018 | 0 | 201,286,319 | 0.00% | 1.14% |
| Nov-2018 | 155,438 | 199,992,525 | 0.93% | 1.13% |
| Dec-2018 | 155,438 | 198,749,221 | 0.93% | 0.98% |
| Jan-2019 | 46,354 | 196,836,197 | 0.28% | 0.91% |
| Feb-2019 | 0 | 195,001,276 | 0.00% | 0.76% |
| Mar-2019 | 271,267 | 193,935,406 | 1.67% | 0.84% |
| Apr-2019 | 0 | 192,889,824 | 0.00% | 0.79% |
| May-2019 | 0 | 191,902,552 | 0.00% | 0.65% |
| Jun-2019 | 305,713 | 189,941,001 | 1.91% | 0.61% |
| Jul-2019 | 0 | 189,003,892 | 0.00% | 0.58% |
| Aug-2019 | 0 | 187,149,999 | 0.00% | 0.59% |
| Sep-2019 | 0 | 186,334,184 | 0.00% | 0.46% |
| Oct-2019 | 0 | 184,496,419 | 0.00% | 0.47% |
| Nov-2019 | 204,388 | 183,211,510 | 1.33% | 0.49% |
| Dec-2019 | 0 | 182,111,689 | 0.00% | 0.42% |
| Jan-2020 | 0 | 181,541,693 | 0.00% | 0.40% |
| Feb-2020 | 0 | 180,241,312 | 0.00% | 0.40% |
| Mar-2020 | 0 | 179,474,489 | 0.00% | 0.26% |
| Apr-2020 | 0 | 177,875,429 | 0.00% | 0.27% |
| May-2020 | 0 | 176,765,079 | 0.00% | 0.27% |
| Jun-2020 | 0 | 175,833,329 | 0.00% | 0.11% |
| Jul-2020 | 0 | 175,382,918 | 0.00% | 0.11% |

Source: Intex (as of 4 August 2020)

ALBA 2015 Loans - Loss Severity

The table below sets out on loss severity ("**Loss Severity**") for the ALBA 2015 Loans. Loss Severity is calculated as the ratio of losses in the relevant month to the balance of the loan after repossession and prior to sale.

| Month | Weighted Average Loss Severity | Number of Sales |
|--------|--------------------------------|-----------------|
| Jan-15 | 13.71% | 1 |
| Mar-15 | 43.37% | 1 |
| Apr-15 | 22.27% | 1 |
| May-15 | 16.06% | 3 |
| Jun-15 | 35.38% | 3 |
| Jul-15 | 22.01% | 9 |
| Aug-15 | 29.25% | 5 |
| Sep-15 | 39.11% | 4 |
| Oct-15 | 49.45% | 4 |
| Nov-15 | 40.03% | 1 |
| Dec-15 | 0.00% | 1 |
| Jan-16 | 0.00% | 1 |
| Feb-16 | 39.80% | 3 |
| Mar-16 | 49.99% | 1 |
| Jun-16 | 50.33% | 1 |
| Jul-16 | 15.57% | 1 |
| Aug-16 | 40.82% | 3 |
| Sep-16 | 53.64% | 1 |
| Oct-16 | 0.00% | 1 |
| Nov-16 | 0.00% | 1 |
| Dec-16 | 42.73% | 1 |
| Jan-17 | 34.21% | 2 |

| | | |
|--------|--------|----|
| Feb-17 | 29.66% | 2 |
| Mar-17 | 10.51% | 1 |
| May-17 | 29.41% | 1 |
| Jun-17 | 31.28% | 2 |
| Jul-17 | 34.31% | 2 |
| Sep-17 | 10.34% | 3 |
| Oct-17 | 42.39% | 2 |
| Nov-17 | 57.07% | 1 |
| Dec-17 | 9.32% | 2 |
| Jan-18 | 43.92% | 1 |
| Mar-18 | 0.00% | 1 |
| Apr-18 | 35.90% | 1 |
| May-18 | 16.96% | 2 |
| Jun-18 | 39.35% | 2 |
| Jul-18 | 49.23% | 1 |
| Aug-18 | 30.90% | 2 |
| Sep-18 | 22.91% | 3 |
| Oct-18 | 45.77% | 2 |
| Nov-18 | 35.30% | 2 |
| Jan-19 | 35.95% | 1 |
| Mar-19 | 49.89% | 2 |
| Jun-19 | 37.95% | 2 |
| Jul-19 | 38.48% | 1 |
| Aug-19 | 25.01% | 2 |
| Sep-19 | 40.11% | 1 |
| Total | 28.66% | 91 |

Source: the ALBA 2015 Servicer

ALBA 2015 Loans - Months in Arrears

The table below sets out the ALBA 2015 Loans by number of months in arrears.

| | Loans 1 Month or more in Arrears | Loans 3 Month or more in Arrears |
|----------|---|---|
| May-2015 | 9.43% | 3.71% |
| Jun-2015 | 9.34% | 4.07% |
| Jul-2015 | 9.15% | 3.92% |
| Aug-2015 | 8.22% | 3.40% |
| Sep-2015 | 9.97% | 3.43% |
| Oct-2015 | 9.27% | 3.33% |
| Nov-2015 | 10.32% | 3.69% |
| Dec-2015 | 9.23% | 3.99% |
| Jan-2016 | 8.83% | 3.94% |
| Feb-2016 | 9.03% | 4.10% |
| Mar-2016 | 8.38% | 4.02% |
| Apr-2016 | 9.39% | 3.94% |
| May-2016 | 8.94% | 3.80% |
| Jun-2016 | 8.75% | 3.76% |
| Jul-2016 | 8.69% | 3.51% |
| Aug-2016 | 7.93% | 3.34% |
| Sep-2016 | 7.79% | 3.33% |
| Oct-2016 | 8.29% | 3.60% |
| Nov-2016 | 8.36% | 3.38% |

| | | |
|----------|--------|-------|
| Dec-2016 | 7.56% | 3.24% |
| Jan-2017 | 7.23% | 3.02% |
| Feb-2017 | 7.07% | 2.85% |
| Mar-2017 | 7.38% | 2.46% |
| Apr-2017 | 7.63% | 2.29% |
| May-2017 | 8.06% | 2.73% |
| Jun-2017 | 7.53% | 2.91% |
| Jul-2017 | 7.07% | 2.86% |
| Aug-2017 | 7.00% | 2.38% |
| Sep-2017 | 7.08% | 2.32% |
| Oct-2017 | 7.00% | 2.70% |
| Nov-2017 | 6.73% | 2.60% |
| Dec-2017 | 6.14% | 2.43% |
| Jan-2018 | 5.91% | 1.99% |
| Feb-2018 | 6.46% | 2.26% |
| Mar-2018 | 7.36% | 2.63% |
| Apr-2018 | 7.23% | 3.02% |
| May-2018 | 7.61% | 2.77% |
| Jun-2018 | 8.24% | 2.93% |
| Jul-2018 | 8.17% | 3.13% |
| Aug-2018 | 7.87% | 3.32% |
| Sep-2018 | 8.07% | 3.39% |
| Oct-2018 | 7.55% | 2.84% |
| Nov-2018 | 7.02% | 2.79% |
| Dec-2018 | 7.13% | 2.66% |
| Jan-2019 | 7.36% | 2.66% |
| Feb-2019 | 7.28% | 2.71% |
| Mar-2019 | 7.87% | 3.09% |
| Apr-2019 | 7.04% | 3.59% |
| May-2019 | 7.42% | 3.28% |
| Jun-2019 | 7.33% | 3.35% |
| Jul-2019 | 8.26% | 3.31% |
| Aug-2019 | 7.15% | 3.46% |
| Sep-2019 | 7.46% | 2.98% |
| Oct-2019 | 7.44% | 3.12% |
| Nov-2019 | 7.60% | 3.16% |
| Dec-2019 | 7.73% | 3.12% |
| Jan-2020 | 8.31% | 3.41% |
| Feb-2020 | 7.74% | 3.86% |
| Mar-2020 | 7.47% | 3.46% |
| Apr-2020 | 8.68% | 3.83% |
| May-2020 | 10.14% | 4.72% |
| Jun-2020 | 10.73% | 5.23% |
| Jul-2020 | 8.47% | 4.87% |

Source: Intex (as of 4 August 2020)

CHARACTERISTICS OF THE PROVISIONAL PORTFOLIO

The statistical and other information contained in this section has been compiled by reference to the Provisional Portfolio of £175,372,441.70 as at the Portfolio Reference Date and is described further in the section entitled "*The Loans*".

The information contained in this section has not been, and will not be updated to reflect any decrease in the size of the Portfolio relative to the Provisional Portfolio. The information contained in this section has been extracted from information provided by the Servicers (which information has been subject to rounding). Investors should note that no Relevant Party hereto has verified the accuracy of the information contained therein.

Except as otherwise indicated, these tables have been prepared using the Current Balance as at the Portfolio Reference Date. The sum of columns may not sum to the total as a result of rounding. The tables do not include the Shortfall Accounts.

As at the Portfolio Reference Date, the Provisional Portfolio had the following characteristics. Any arrears data excludes forbearance measures undertaken by the Legal Title Holders or Servicers in relation to any COVID-19 Payment Deferral Loans.

Summary Statistics

High Level Summary

| | Stratton 2020-1 | ALBA 2006-1 | ALBA 2015-1 |
|---|------------------------|--------------------|--------------------|
| Current Balance £ | 250,469,244.57 | 75,096,802.87 | 175,372,441.70 |
| % of Stratton 2020-1 | 100.00 | 29.98 | 70.02 |
| Original Balance £ | 273,030,834.06 | 86,484,473.00 | 186,546,361.06 |
| Number of Loans | 2,087 | 681 | 1,406 |
| Average Current Balance per Loan (£) | 120,014.01 | 110,274.31 | 124,731.47 |
| WA Interest Rate (%) | 2.40 | 2.42 | 2.40 |
| WA Seasoning (years) | 13.69 | 14.50 | 13.34 |
| WA Remaining Term (years) | 9.45 | 8.71 | 9.77 |
| WA Original LTV (%) | 84.97 | 83.43 | 85.63 |
| WA Current LTV (%) | 82.06 | 78.52 | 83.57 |
| WA Indexed LTV (%)* | 62.66 | 54.87 | 66.00 |
| Interest Only (%) | 88.16 | 86.37 | 88.93 |
| Buy-to-Let (%) | 28.74 | 13.19 | 35.40 |
| Self-certified (%)** | 23.61 | 0.00 | 33.73 |
| Bankruptcy or IVA (%)*** | 0.60 | 0.07 | 0.83 |
| Loans 1 month or more in arrears (%) | 10.87 | 12.96 | 9.97 |
| Loans 3 month or more in arrears (%) | 5.34 | 6.01 | 5.06 |
| COVID-19 Payment Deferral Loans (%) | 12.43 | 12.73 | 12.30 |

* Indexation calculated using Nationwide House Price Index as of 30 June 2020 (regional quarterly indices, non-seasonally adjusted)

** 30.36% no data for Stratton 2020-1, 100.00% no data for ALBA 2006-1, 0.54% no data for ALBA 2015-1

*** 0.38% no data, 0.00% no data for ALBA 2006-1, 0.54% no data for ALBA 2015-1

Combined Portfolio Data

| Originator | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|-------------------|----------------------------|----------------------------|------------------------|----------------------------|
| GMAC | 115,156,631.95 | 45.98 | 1,050 | 50.31 |
| Edeus | 93,118,230.04 | 37.18 | 639 | 30.62 |
| Kensington | 39,428,235.97 | 15.74 | 372 | 17.82 |
| Amber | 2,766,146.61 | 1.10 | 26 | 1.25 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Current Balance | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| <= 24,999.99 | 1,163,959.97 | 0.46 | 91 | 4.36 |
| 25,000.00 to 49,999.99 | 8,167,796.84 | 3.26 | 215 | 10.30 |
| 50,000.00 to 74,999.99 | 19,811,096.08 | 7.91 | 317 | 15.19 |
| 75,000.00 to 99,999.99 | 25,867,785.42 | 10.33 | 297 | 14.23 |
| 100,000.00 to 149,999.99 | 74,989,540.74 | 29.94 | 612 | 29.32 |
| 150,000.00 to 199,999.99 | 50,162,462.85 | 20.03 | 291 | 13.94 |
| 200,000.00 to 249,999.99 | 35,977,786.63 | 14.36 | 163 | 7.81 |
| 250,000.00 to 499,999.99 | 27,464,514.80 | 10.97 | 90 | 4.31 |
| 500,000.00 >= | 6,864,301.24 | 2.74 | 11 | 0.53 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Original Balance | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| <= 24,999.99 | 216,700.75 | 0.09 | 20 | 0.96 |
| 25,000.00 to 49,999.99 | 1,575,379.57 | 0.63 | 60 | 2.87 |
| 50,000.00 to 74,999.99 | 13,223,791.55 | 5.28 | 274 | 13.13 |
| 75,000.00 to 99,999.99 | 29,164,967.18 | 11.64 | 394 | 18.88 |
| 100,000.00 to 149,999.99 | 80,050,446.47 | 31.96 | 721 | 34.55 |
| 150,000.00 to 199,999.99 | 54,376,282.00 | 21.71 | 335 | 16.05 |
| 200,000.00 to 249,999.99 | 38,199,075.71 | 15.25 | 183 | 8.77 |
| 250,000.00 to 499,999.99 | 26,798,300.10 | 10.70 | 89 | 4.26 |
| 500,000.00 >= | 6,864,301.24 | 2.74 | 11 | 0.53 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Original LTV (%) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|-------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| <= 49.99 | 3,377,820.75 | 1.35 | 98 | 4.70 |
| 50.00 to 59.99 | 5,941,310.73 | 2.37 | 79 | 3.79 |
| 60.00 to 69.99 | 9,799,511.24 | 3.91 | 107 | 5.13 |
| 70.00 to 74.99 | 9,585,006.64 | 3.83 | 102 | 4.89 |
| 75.00 to 79.99 | 13,383,078.28 | 5.34 | 125 | 5.99 |
| 80.00 to 84.99 | 31,646,017.82 | 12.63 | 236 | 11.31 |
| 85.00 to 89.99 | 65,223,079.19 | 26.04 | 500 | 23.96 |
| 90.00 to 94.99 | 93,047,918.68 | 37.15 | 691 | 33.11 |
| 95.00 to 99.99 | 18,435,557.70 | 7.36 | 147 | 7.04 |
| 100.00 >= | 29,943.54 | 0.01 | 2 | 0.10 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Current LTV (%) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| <= 49.99 | 16,631,417.46 | 6.64 | 375 | 17.97 |
| 50.00 to 59.99 | 14,245,583.73 | 5.69 | 177 | 8.48 |
| 60.00 to 69.99 | 13,712,042.17 | 5.47 | 140 | 6.71 |
| 70.00 to 74.99 | 9,164,651.84 | 3.66 | 79 | 3.79 |
| 75.00 to 79.99 | 13,104,850.19 | 5.23 | 100 | 4.79 |
| 80.00 to 84.99 | 19,946,710.08 | 7.96 | 132 | 6.32 |
| 85.00 to 89.99 | 57,997,687.34 | 23.16 | 365 | 17.49 |
| 90.00 to 94.99 | 76,402,297.25 | 30.50 | 522 | 25.01 |
| 95.00 to 99.99 | 25,477,700.82 | 10.17 | 173 | 8.29 |
| 100.00 >= | 3,786,303.69 | 1.51 | 24 | 1.15 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Indexed Current LTV (%)* | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| <= 49.99 | 62,220,311.78 | 24.84 | 691 | 33.11 |
| 50.00 to 59.99 | 47,825,744.16 | 19.09 | 316 | 15.14 |
| 60.00 to 69.99 | 54,380,110.77 | 21.71 | 378 | 18.11 |
| 70.00 to 74.99 | 18,497,571.18 | 7.39 | 138 | 6.61 |
| 75.00 to 79.99 | 21,375,986.33 | 8.53 | 173 | 8.29 |
| 80.00 to 84.99 | 23,640,702.99 | 9.44 | 205 | 9.82 |
| 85.00 to 89.99 | 10,600,891.69 | 4.23 | 90 | 4.31 |
| 90.00 to 94.99 | 7,632,725.17 | 3.05 | 65 | 3.11 |
| 95.00 to 99.99 | 1,391,761.82 | 0.56 | 11 | 0.53 |
| 100.00 >= | 2,903,438.68 | 1.16 | 20 | 0.96 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

* Indexation calculated using Nationwide House Price Index as of 30 June 2020 (regional quarterly indices, non-seasonally adjusted)

| Origination Year | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|-------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| 2002 | 60,053.29 | 0.02 | 3 | 0.14 |
| 2003 | 260,862.08 | 0.10 | 2 | 0.10 |
| 2004 | 2,445,231.24 | 0.98 | 21 | 1.01 |
| 2005 | 74,019,610.20 | 29.55 | 664 | 31.82 |
| 2006 | 46,035,094.75 | 18.38 | 305 | 14.61 |
| 2007 | 127,121,644.93 | 50.75 | 1,084 | 51.94 |
| 2008 | 40,303.53 | 0.02 | 5 | 0.24 |
| 2010 | 246,074.83 | 0.10 | 1 | 0.05 |
| 2012 | 3.83 | 0.00 | 1 | 0.05 |
| 2018 | 240,365.89 | 0.10 | 1 | 0.05 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Original Term (years) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|-----------------------|-----------------------|---------------------|-----------------|---------------------|
| <= 9.99 | 3.83 | 0.00 | 1 | 0.05 |
| 10.00 to 14.99 | 3,838,838.53 | 1.53 | 30 | 1.44 |
| 15.00 to 19.99 | 28,992,457.28 | 11.58 | 242 | 11.60 |
| 20.00 to 24.99 | 62,418,161.25 | 24.92 | 540 | 25.87 |
| 25.00 to 29.99 | 138,817,446.82 | 55.42 | 1,090 | 52.23 |
| 30.00 >= | 16,402,336.86 | 6.55 | 184 | 8.82 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Remaining Term (years) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|------------------------|-----------------------|---------------------|-----------------|---------------------|
| 0.00 to 1.99 | 18,168,792.14 | 7.25 | 145 | 6.95 |
| 2.00 to 3.99 | 6,288,884.36 | 2.51 | 64 | 3.07 |
| 4.00 to 5.99 | 19,913,117.57 | 7.95 | 167 | 8.00 |
| 6.00 to 7.99 | 37,150,488.38 | 14.83 | 296 | 14.18 |
| 8.00 to 9.99 | 12,265,620.61 | 4.90 | 119 | 5.70 |
| 10.00 to 11.99 | 120,116,722.58 | 47.96 | 956 | 45.81 |
| 12.00 to 13.99 | 18,258,392.16 | 7.29 | 137 | 6.56 |
| 14.00 to 15.99 | 5,380,181.08 | 2.15 | 62 | 2.97 |
| 16.00 to 17.99 | 11,974,500.51 | 4.78 | 132 | 6.32 |
| 18.00 >= | 952,545.18 | 0.38 | 9 | 0.43 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Seasoning (years) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|-------------------|-----------------------|---------------------|-----------------|---------------------|
| <= 9.99 | 240,369.72 | 0.10 | 2 | 0.10 |
| 10.00 to 10.99 | 246,074.83 | 0.10 | 1 | 0.05 |
| 11.00 to 11.99 | 2,305.88 | 0.00 | 1 | 0.05 |
| 12.00 to 12.99 | 32,156,627.42 | 12.84 | 282 | 13.51 |
| 13.00 to 13.99 | 139,497,010.38 | 55.69 | 1,097 | 52.56 |
| 14.00 to 14.99 | 75,560,709.73 | 30.17 | 678 | 32.49 |
| 15.00 >= | 2,766,146.61 | 1.10 | 26 | 1.25 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Repayment Method | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|------------------|-----------------------|---------------------|-----------------|---------------------|
| Interest Only | 220,817,312.39 | 88.16 | 1,544 | 73.98 |
| Repayment | 28,824,832.55 | 11.51 | 536 | 25.68 |
| Part & Part | 827,099.63 | 0.33 | 7 | 0.34 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Interest Rate Index | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|------------------------|-----------------------|---------------------|-----------------|---------------------|
| BoE Base Rate | 176,415,072.72 | 70.43 | 1,397 | 66.94 |
| 3 Month LIBOR | 71,590,148.75 | 28.58 | 667 | 31.96 |
| Standard Variable Rate | 2,464,023.10 | 0.98 | 23 | 1.10 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Current Interest Rate (%) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------------------|-----------------------|---------------------|-----------------|---------------------|
| 0.50 to 0.99 | 978,182.82 | 0.39 | 9 | 0.43 |
| 1.00 to 1.49 | 5,315,275.97 | 2.12 | 44 | 2.11 |
| 1.50 to 1.99 | 6,637,060.18 | 2.65 | 63 | 3.02 |
| 2.00 to 2.49 | 162,966,853.31 | 65.06 | 1,357 | 65.02 |
| 2.50 to 2.99 | 40,666,872.87 | 16.24 | 315 | 15.09 |
| 3.00 to 3.49 | 16,031,168.41 | 6.40 | 138 | 6.61 |
| 3.50 to 3.99 | 14,958,504.57 | 5.97 | 130 | 6.23 |
| 4.00 to 4.49 | 1,847,300.60 | 0.74 | 17 | 0.81 |
| 4.50 to 4.99 | 701,005.22 | 0.28 | 9 | 0.43 |
| 5.00 >= | 367,020.62 | 0.15 | 5 | 0.24 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Interest Rate Margin (%) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------|-----------------------|---------------------|-----------------|---------------------|
| 0.50 to 0.99 | 5,892,598.93 | 2.35 | 52 | 2.49 |
| 1.00 to 1.49 | 3,554,330.52 | 1.42 | 32 | 1.53 |
| 1.50 to 1.99 | 112,195,379.55 | 44.79 | 876 | 41.97 |
| 2.00 to 2.49 | 63,416,529.60 | 25.32 | 601 | 28.80 |
| 2.50 to 2.99 | 43,520,005.67 | 17.38 | 330 | 15.81 |
| 3.00 to 3.49 | 14,758,785.53 | 5.89 | 127 | 6.09 |
| 3.50 to 3.99 | 5,899,740.59 | 2.36 | 53 | 2.54 |
| 4.00 to 4.49 | 705,877.05 | 0.28 | 9 | 0.43 |
| 4.50 to 4.99 | 328,343.00 | 0.13 | 4 | 0.19 |
| 5.00 >= | 197,654.13 | 0.08 | 3 | 0.14 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Loan Purpose | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------|-----------------------|---------------------|-----------------|---------------------|
| Purchase | 103,655,785.73 | 41.38 | 822 | 39.39 |
| Remortgage | 90,237,375.63 | 36.03 | 743 | 35.60 |
| Other | 53,148,208.88 | 21.22 | 460 | 22.04 |
| Right to Buy | 2,539,191.81 | 1.01 | 36 | 1.72 |
| No Data | 888,682.52 | 0.35 | 26 | 1.25 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Occupancy Type | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|----------------|-----------------------|---------------------|-----------------|---------------------|
| Owner-Occupied | 178,482,614.52 | 71.26 | 1,537 | 73.65 |
| Buy-to-Let | 71,986,630.05 | 28.74 | 550 | 26.35 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Number Months in Arrears | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------|-----------------------|---------------------|-----------------|---------------------|
| 0.00 to 0.99 | 223,244,944.65 | 89.13 | 1,882 | 90.18 |
| 1.00 to 1.99 | 9,377,383.82 | 3.74 | 80 | 3.83 |
| 2.00 to 2.99 | 4,463,189.44 | 1.78 | 37 | 1.77 |
| 3.00 to 3.99 | 2,838,512.50 | 1.13 | 21 | 1.01 |
| 4.00 to 4.99 | 2,431,775.87 | 0.97 | 18 | 0.86 |
| 5.00 to 5.99 | 1,505,884.27 | 0.60 | 11 | 0.53 |
| 6.00 >= | 6,607,554.02 | 2.64 | 38 | 1.82 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Loans Past their Maturity Date | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------------|-----------------------|---------------------|-----------------|---------------------|
| N | 248,481,204.67 | 99.21 | 2,077 | 99.52 |
| Y | 1,988,039.90 | 0.79 | 10 | 0.48 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Right to Buy | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------|-----------------------|---------------------|-----------------|---------------------|
| N | 172,833,249.89 | 69.00 | 1,370 | 65.64 |
| ND | 75,096,802.87 | 29.98 | 681 | 32.63 |
| Y | 2,539,191.81 | 1.01 | 36 | 1.72 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Income Verification for Primary Borrower | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--|-----------------------|---------------------|-----------------|---------------------|
| No Data | 76,038,561.72 | 30.36 | 708 | 33.92 |
| Self-certified | 59,148,024.81 | 23.61 | 437 | 20.94 |
| Verified | 115,282,658.04 | 46.03 | 942 | 45.14 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Region | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|------------------------|-----------------------|---------------------|-----------------|---------------------|
| Greater London | 56,279,010.99 | 22.47 | 281 | 13.46 |
| South East | 42,490,327.03 | 16.96 | 279 | 13.37 |
| North West | 34,683,119.62 | 13.85 | 359 | 17.20 |
| West Midlands | 22,075,674.74 | 8.81 | 215 | 10.30 |
| Yorkshire & Humberside | 18,235,676.59 | 7.28 | 209 | 10.01 |
| East Midlands | 16,252,471.25 | 6.49 | 162 | 7.76 |
| South West | 15,696,332.93 | 6.27 | 129 | 6.18 |
| Scotland | 11,905,364.02 | 4.75 | 111 | 5.32 |
| North East | 11,121,660.89 | 4.44 | 128 | 6.13 |
| Wales | 11,004,336.03 | 4.39 | 122 | 5.85 |
| East of England | 7,088,992.56 | 2.83 | 63 | 3.02 |
| Northern Ireland | 3,636,277.92 | 1.45 | 29 | 1.39 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| CCJs | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------|-----------------------|---------------------|-----------------|---------------------|
| 0 | 157,136,741.74 | 62.74 | 1,222 | 58.55 |
| 1 | 13,927,490.54 | 5.56 | 126 | 6.04 |
| 2 | 2,512,617.93 | 1.00 | 25 | 1.20 |
| 3 | 727,937.18 | 0.29 | 5 | 0.24 |
| 4 | 125,895.46 | 0.05 | 1 | 0.05 |
| No Data | 76,038,561.72 | 30.36 | 708 | 33.92 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Bankruptcy or Individual Voluntary Arrangement | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--|-----------------------|---------------------|-----------------|---------------------|
| N | 248,025,067.27 | 99.02 | 2,042 | 97.84 |
| ND | 941,758.85 | 0.38 | 27 | 1.29 |
| Y | 1,502,418.45 | 0.60 | 18 | 0.86 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Property Type | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|----------------------------------|-----------------------|---------------------|-----------------|---------------------|
| No Data | 113,696,751.78 | 45.39 | 827 | 39.63 |
| House, detached or semi-detached | 85,174,962.09 | 34.01 | 762 | 36.51 |
| Terraced | 34,280,086.19 | 13.69 | 351 | 16.82 |
| Flat/Apartment | 13,275,700.87 | 5.30 | 111 | 5.32 |
| Partially Commercial Use | 2,060,535.96 | 0.82 | 17 | 0.81 |
| Bungalow | 1,981,207.68 | 0.79 | 19 | 0.91 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| Employment Type | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|-----------------|-----------------------|---------------------|-----------------|---------------------|
| No Data | 114,148,097.48 | 45.57 | 963 | 46.14 |
| Employed | 78,461,536.42 | 31.33 | 737 | 35.31 |
| Self-Employed | 57,859,610.67 | 23.10 | 387 | 18.54 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

| COVID-19 Payment Deferral Loans | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------------------------|-----------------------|---------------------|-----------------|---------------------|
| N | 219,343,584.86 | 87.57 | 1,859 | 89.08 |
| Y | 31,125,659.71 | 12.43 | 228 | 10.92 |
| Total: | 250,469,244.57 | 100.00 | 2,087 | 100.00 |

Details of the ALBA 2006 Loans

| Originator | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------|----------------------|---------------------|-----------------|---------------------|
| Kensington | 38,307,603.88 | 51.01 | 362 | 53.16 |
| GMAC | 36,789,198.99 | 48.99 | 319 | 46.84 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Current Balance | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| <= 24,999.99 | 647,824.13 | 0.86 | 52 | 7.64 |
| 25,000.00 to 49,999.99 | 3,638,773.53 | 4.85 | 97 | 14.24 |
| 50,000.00 to 74,999.99 | 6,744,952.96 | 8.98 | 108 | 15.86 |
| 75,000.00 to 99,999.99 | 6,282,433.60 | 8.37 | 72 | 10.57 |
| 100,000.00 to 149,999.99 | 22,016,091.51 | 29.32 | 177 | 25.99 |
| 150,000.00 to 199,999.99 | 16,983,384.62 | 22.62 | 98 | 14.39 |
| 200,000.00 to 249,999.99 | 11,683,466.98 | 15.56 | 53 | 7.78 |
| 250,000.00 to 499,999.99 | 7,099,875.54 | 9.45 | 24 | 3.52 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Original Balance | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| <= 24,999.99 | 140,047.14 | 0.19 | 11 | 1.62 |
| 25,000.00 to 49,999.99 | 567,419.69 | 0.76 | 21 | 3.08 |
| 50,000.00 to 74,999.99 | 4,383,654.05 | 5.84 | 109 | 16.01 |
| 75,000.00 to 99,999.99 | 7,481,221.61 | 9.96 | 109 | 16.01 |
| 100,000.00 to 149,999.99 | 24,137,560.88 | 32.14 | 228 | 33.48 |
| 150,000.00 to 199,999.99 | 17,419,126.12 | 23.20 | 108 | 15.86 |
| 200,000.00 to 249,999.99 | 13,983,992.01 | 18.62 | 70 | 10.28 |
| 250,000.00 to 499,999.99 | 6,983,781.37 | 9.30 | 25 | 3.67 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Original LTV (%) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|-------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| <= 49.99 | 1,205,487.42 | 1.61 | 33 | 4.85 |
| 50.00 to 59.99 | 2,520,541.06 | 3.36 | 38 | 5.58 |
| 60.00 to 69.99 | 3,631,623.31 | 4.84 | 45 | 6.61 |
| 70.00 to 74.99 | 5,112,395.15 | 6.81 | 51 | 7.49 |
| 75.00 to 79.99 | 4,502,976.92 | 6.00 | 45 | 6.61 |
| 80.00 to 84.99 | 9,667,630.97 | 12.87 | 86 | 12.63 |
| 85.00 to 89.99 | 20,611,161.82 | 27.45 | 172 | 25.26 |
| 90.00 to 94.99 | 25,993,200.95 | 34.61 | 196 | 28.78 |
| 95.00 to 99.99 | 1,851,785.27 | 2.47 | 15 | 2.20 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Current LTV (%) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| <= 49.99 | 7,625,899.02 | 10.15 | 183 | 26.87 |
| 50.00 to 59.99 | 4,835,733.46 | 6.44 | 57 | 8.37 |
| 60.00 to 69.99 | 5,094,445.36 | 6.78 | 49 | 7.20 |
| 70.00 to 74.99 | 3,164,055.73 | 4.21 | 25 | 3.67 |
| 75.00 to 79.99 | 6,850,061.54 | 9.12 | 53 | 7.78 |
| 80.00 to 84.99 | 6,964,864.51 | 9.27 | 46 | 6.75 |
| 85.00 to 89.99 | 17,261,770.44 | 22.99 | 113 | 16.59 |
| 90.00 to 94.99 | 18,164,129.30 | 24.19 | 122 | 17.91 |
| 95.00 to 99.99 | 3,316,162.12 | 4.42 | 23 | 3.38 |
| 100.00 >= | 1,819,681.39 | 2.42 | 10 | 1.47 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Indexed Current LTV (%)* | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| <= 49.99 | 30,194,098.62 | 40.21 | 343 | 50.37 |
| 50.00 to 59.99 | 16,165,507.55 | 21.53 | 112 | 16.45 |
| 60.00 to 69.99 | 15,762,175.71 | 20.99 | 115 | 16.89 |
| 70.00 to 74.99 | 4,168,162.52 | 5.55 | 37 | 5.43 |
| 75.00 to 79.99 | 6,414,820.78 | 8.54 | 54 | 7.93 |
| 80.00 to 84.99 | 2,056,604.55 | 2.74 | 18 | 2.64 |
| 85.00 to 89.99 | 205,929.50 | 0.27 | 1 | 0.15 |
| 95.00 to 99.99 | 129,503.64 | 0.17 | 1 | 0.15 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

* Indexation calculated using Nationwide House Price Index as of 30 June 2020 (regional quarterly indices, non-seasonally adjusted)

| Origination Year | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|-------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| 2005 | 74,019,610.20 | 98.57 | 664 | 97.50 |
| 2006 | 24,086.94 | 0.03 | 3 | 0.44 |
| 2007 | 544,110.99 | 0.72 | 9 | 1.32 |
| 2008 | 22,550.19 | 0.03 | 2 | 0.29 |
| 2010 | 246,074.83 | 0.33 | 1 | 0.15 |
| 2012 | 3.83 | 0.00 | 1 | 0.15 |
| 2018 | 240,365.89 | 0.32 | 1 | 0.15 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Original Term (years) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|------------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| <= 9.99 | 3.83 | 0.00 | 1 | 0.15 |
| 10.00 to 14.99 | 951,884.47 | 1.27 | 7 | 1.03 |
| 15.00 to 19.99 | 7,865,938.79 | 10.47 | 79 | 11.60 |
| 20.00 to 24.99 | 18,892,557.75 | 25.16 | 173 | 25.40 |
| 25.00 to 29.99 | 43,021,832.92 | 57.29 | 370 | 54.33 |
| 30.00 >= | 4,364,585.11 | 5.81 | 51 | 7.49 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Remaining Term (years) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|-------------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| 0.00 to 1.99 | 5,120,738.13 | 6.82 | 46 | 6.75 |
| 2.00 to 3.99 | 2,380,965.79 | 3.17 | 28 | 4.11 |
| 4.00 to 5.99 | 13,424,621.98 | 17.88 | 119 | 17.47 |
| 6.00 to 7.99 | 2,363,974.38 | 3.15 | 22 | 3.23 |
| 8.00 to 9.99 | 3,867,324.12 | 5.15 | 38 | 5.58 |
| 10.00 to 11.99 | 43,383,722.19 | 57.77 | 375 | 55.07 |
| 12.00 to 13.99 | 190,871.17 | 0.25 | 2 | 0.29 |
| 14.00 to 15.99 | 4,267,595.74 | 5.68 | 50 | 7.34 |
| 16.00 to 17.99 | 96,989.37 | 0.13 | 1 | 0.15 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Seasoning (years) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|-------------------|----------------------|---------------------|-----------------|---------------------|
| <= 9.99 | 240,369.72 | 0.32 | 2 | 0.29 |
| 10.00 to 10.99 | 246,074.83 | 0.33 | 1 | 0.15 |
| 12.00 to 12.99 | 227,382.41 | 0.30 | 6 | 0.88 |
| 13.00 to 13.99 | 363,365.71 | 0.48 | 8 | 1.17 |
| 14.00 to 14.99 | 74,019,610.20 | 98.57 | 664 | 97.50 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Repayment Method | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|------------------|----------------------|---------------------|-----------------|---------------------|
| Interest Only | 64,857,849.49 | 86.37 | 465 | 68.28 |
| Repayment | 10,049,023.41 | 13.38 | 214 | 31.42 |
| Part & Part | 189,929.97 | 0.25 | 2 | 0.29 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Interest Rate Index | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------------|----------------------|---------------------|-----------------|---------------------|
| 3 Month LIBOR | 38,307,603.88 | 51.01 | 362 | 53.16 |
| BoE Base Rate | 36,789,198.99 | 48.99 | 319 | 46.84 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Current Interest Rate (%) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------------------|----------------------|---------------------|-----------------|---------------------|
| 0.50 to 0.99 | 753,494.70 | 1.00 | 7 | 1.03 |
| 1.00 to 1.49 | 3,887,675.83 | 5.18 | 31 | 4.55 |
| 1.50 to 1.99 | 3,304,728.29 | 4.40 | 40 | 5.87 |
| 2.00 to 2.49 | 40,291,320.99 | 53.65 | 384 | 56.39 |
| 2.50 to 2.99 | 15,520,081.60 | 20.67 | 122 | 17.91 |
| 3.00 to 3.49 | 3,687,753.03 | 4.91 | 32 | 4.70 |
| 3.50 to 3.99 | 7,651,748.43 | 10.19 | 65 | 9.54 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Interest Rate Margin (%) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------|----------------------|---------------------|-----------------|---------------------|
| 0.50 to 0.99 | 3,659,673.26 | 4.87 | 32 | 4.70 |
| 1.00 to 1.49 | 1,065,218.36 | 1.42 | 8 | 1.17 |
| 1.50 to 1.99 | 36,898,140.85 | 49.13 | 346 | 50.81 |
| 2.00 to 2.49 | 8,333,751.72 | 11.10 | 92 | 13.51 |
| 2.50 to 2.99 | 16,936,170.64 | 22.55 | 133 | 19.53 |
| 3.00 to 3.49 | 7,230,196.06 | 9.63 | 62 | 9.10 |
| 3.50 to 3.99 | 973,651.98 | 1.30 | 8 | 1.17 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Loan Purpose | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------|----------------------|---------------------|-----------------|---------------------|
| Other | 53,148,208.88 | 70.77 | 460 | 67.55 |
| Purchase | 13,439,127.34 | 17.90 | 121 | 17.77 |
| Remortgage | 8,509,466.65 | 11.33 | 100 | 14.68 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Occupancy Type | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|----------------|----------------------|---------------------|-----------------|---------------------|
| Owner-Occupied | 65,191,199.48 | 86.81 | 584 | 85.76 |
| Buy-to-Let | 9,905,603.39 | 13.19 | 97 | 14.24 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Number Months in Arrears | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------|----------------------|---------------------|-----------------|---------------------|
| 0.00 to 0.99 | 65,363,824.71 | 87.04 | 606 | 88.99 |
| 1.00 to 1.99 | 3,898,004.67 | 5.19 | 31 | 4.55 |
| 2.00 to 2.99 | 1,324,772.69 | 1.76 | 14 | 2.06 |
| 3.00 to 3.99 | 888,058.56 | 1.18 | 7 | 1.03 |
| 4.00 to 4.99 | 1,232,539.27 | 1.64 | 7 | 1.03 |
| 5.00 to 5.99 | 825,298.33 | 1.10 | 6 | 0.88 |
| 6.00 >= | 1,564,304.64 | 2.08 | 10 | 1.47 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Loans Past their Maturity Date | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------------|----------------------|---------------------|-----------------|---------------------|
| N | 74,444,068.66 | 99.13 | 678 | 99.56 |
| Y | 652,734.21 | 0.87 | 3 | 0.44 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Right to Buy | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------|----------------------|---------------------|-----------------|---------------------|
| ND | 75,096,802.87 | 100.00 | 681 | 100.00 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Income Verification for Primary Borrower | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--|----------------------|---------------------|-----------------|---------------------|
| No Data | 75,096,802.87 | 100.00 | 681 | 100.00 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Region | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|------------------------|----------------------|---------------------|-----------------|---------------------|
| Greater London | 17,003,821.59 | 22.64 | 95 | 13.95 |
| South East | 14,259,298.63 | 18.99 | 104 | 15.27 |
| North West | 9,000,636.46 | 11.99 | 101 | 14.83 |
| West Midlands | 8,296,332.66 | 11.05 | 84 | 12.33 |
| East Midlands | 6,119,600.66 | 8.15 | 58 | 8.52 |
| South West | 5,458,118.53 | 7.27 | 48 | 7.05 |
| Yorkshire & Humberside | 5,391,717.75 | 7.18 | 68 | 9.99 |
| Wales | 3,511,853.20 | 4.68 | 51 | 7.49 |
| North East | 3,097,684.05 | 4.12 | 41 | 6.02 |
| East of England | 2,957,739.34 | 3.94 | 31 | 4.55 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| CCJs | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------|----------------------|---------------------|-----------------|---------------------|
| No Data | 75,096,802.87 | 100.00 | 681 | 100.00 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Bankruptcy or Individual Voluntary Arrangement | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--|----------------------|---------------------|-----------------|---------------------|
| N | 75,046,151.16 | 99.93 | 680 | 99.85 |
| Y | 50,651.71 | 0.07 | 1 | 0.15 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Property Type | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|----------------------------------|----------------------|---------------------|-----------------|---------------------|
| House, detached or semi-detached | 49,524,041.44 | 65.95 | 448 | 65.79 |
| No Data | 17,356,311.67 | 23.11 | 159 | 23.35 |
| Flat/Apartment | 5,341,289.67 | 7.11 | 47 | 6.90 |
| Partially Commercial Use | 2,060,535.96 | 2.74 | 17 | 2.50 |
| Terraced | 468,856.61 | 0.62 | 5 | 0.73 |
| Bungalow | 345,767.52 | 0.46 | 5 | 0.73 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| Employment Type | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|-----------------|----------------------|---------------------|-----------------|---------------------|
| No Data | 75,096,802.87 | 100.00 | 681 | 100.00 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

| COVID-19 Payment Deferral Loans | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------------------------|----------------------|---------------------|-----------------|---------------------|
| N | 65,538,054.88 | 87.27 | 596 | 87.52 |
| Y | 9,558,747.99 | 12.73 | 85 | 12.48 |
| Total: | 75,096,802.87 | 100.00 | 681 | 100.00 |

Details of the ALBA 2015 Loans

| Originator | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------|-----------------------|---------------------|-----------------|---------------------|
| Edeus | 93,118,230.04 | 53.10 | 639 | 45.45 |
| GMAC | 78,367,432.96 | 44.69 | 731 | 51.99 |
| Amber | 2,766,146.61 | 1.58 | 26 | 1.85 |
| Kensington | 1,120,632.09 | 0.64 | 10 | 0.71 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Current Balance | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| <= 24,999.99 | 516,135.84 | 0.29 | 39 | 2.77 |
| 25,000.00 to 49,999.99 | 4,529,023.31 | 2.58 | 118 | 8.39 |
| 50,000.00 to 74,999.99 | 13,066,143.12 | 7.45 | 209 | 14.86 |
| 75,000.00 to 99,999.99 | 19,585,351.82 | 11.17 | 225 | 16.00 |
| 100,000.00 to 149,999.99 | 52,973,449.23 | 30.21 | 435 | 30.94 |
| 150,000.00 to 199,999.99 | 33,179,078.23 | 18.92 | 193 | 13.73 |
| 200,000.00 to 249,999.99 | 24,294,319.65 | 13.85 | 110 | 7.82 |
| 250,000.00 to 499,999.99 | 20,364,639.26 | 11.61 | 66 | 4.69 |
| 500,000.00 >= | 6,864,301.24 | 3.91 | 11 | 0.78 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Original Balance | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| <= 24,999.99 | 76,653.61 | 0.04 | 9 | 0.64 |
| 25,000.00 to 49,999.99 | 1,007,959.88 | 0.57 | 39 | 2.77 |
| 50,000.00 to 74,999.99 | 8,840,137.50 | 5.04 | 165 | 11.74 |
| 75,000.00 to 99,999.99 | 21,683,745.57 | 12.36 | 285 | 20.27 |
| 100,000.00 to 149,999.99 | 55,912,885.59 | 31.88 | 493 | 35.06 |
| 150,000.00 to 199,999.99 | 36,957,155.88 | 21.07 | 227 | 16.15 |
| 200,000.00 to 249,999.99 | 24,215,083.70 | 13.81 | 113 | 8.04 |
| 250,000.00 to 499,999.99 | 19,814,518.73 | 11.30 | 64 | 4.55 |
| 500,000.00 >= | 6,864,301.24 | 3.91 | 11 | 0.78 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Original LTV (%) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|-------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| <= 49.99 | 2,172,333.33 | 1.24 | 65 | 4.62 |
| 50.00 to 59.99 | 3,420,769.67 | 1.95 | 41 | 2.92 |
| 60.00 to 69.99 | 6,167,887.93 | 3.52 | 62 | 4.41 |
| 70.00 to 74.99 | 4,472,611.49 | 2.55 | 51 | 3.63 |
| 75.00 to 79.99 | 8,880,101.36 | 5.06 | 80 | 5.69 |
| 80.00 to 84.99 | 21,978,386.85 | 12.53 | 150 | 10.67 |
| 85.00 to 89.99 | 44,611,917.37 | 25.44 | 328 | 23.33 |
| 90.00 to 94.99 | 67,054,717.73 | 38.24 | 495 | 35.21 |
| 95.00 to 99.99 | 16,583,772.43 | 9.46 | 132 | 9.39 |
| 100.00 >= | 29,943.54 | 0.02 | 2 | 0.14 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Current LTV (%) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|-----------------|-----------------------|---------------------|-----------------|---------------------|
| <= 49.99 | 9,005,518.44 | 5.14 | 192 | 13.66 |
| 50.00 to 59.99 | 9,409,850.27 | 5.37 | 120 | 8.53 |
| 60.00 to 69.99 | 8,617,596.81 | 4.91 | 91 | 6.47 |
| 70.00 to 74.99 | 6,000,596.11 | 3.42 | 54 | 3.84 |
| 75.00 to 79.99 | 6,254,788.65 | 3.57 | 47 | 3.34 |
| 80.00 to 84.99 | 12,981,845.57 | 7.40 | 86 | 6.12 |
| 85.00 to 89.99 | 40,735,916.90 | 23.23 | 252 | 17.92 |
| 90.00 to 94.99 | 58,238,167.95 | 33.21 | 400 | 28.45 |
| 95.00 to 99.99 | 22,161,538.70 | 12.64 | 150 | 10.67 |
| 100.00 >= | 1,966,622.30 | 1.12 | 14 | 1.00 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Indexed Current LTV (%)* | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------|-----------------------|---------------------|-----------------|---------------------|
| <= 49.99 | 32,026,213.16 | 18.26 | 348 | 24.75 |
| 50.00 to 59.99 | 31,660,236.61 | 18.05 | 204 | 14.51 |
| 60.00 to 69.99 | 38,617,935.06 | 22.02 | 263 | 18.71 |
| 70.00 to 74.99 | 14,329,408.66 | 8.17 | 101 | 7.18 |
| 75.00 to 79.99 | 14,961,165.55 | 8.53 | 119 | 8.46 |
| 80.00 to 84.99 | 21,584,098.44 | 12.31 | 187 | 13.30 |
| 85.00 to 89.99 | 10,394,962.19 | 5.93 | 89 | 6.33 |
| 90.00 to 94.99 | 7,632,725.17 | 4.35 | 65 | 4.62 |
| 95.00 to 99.99 | 1,262,258.18 | 0.72 | 10 | 0.71 |
| 100.00 >= | 2,903,438.68 | 1.66 | 20 | 1.42 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

* Indexation calculated using Nationwide House Price Index as of 30 June 2020 (regional quarterly indices, non-seasonally adjusted)

| Origination Year | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|------------------|-----------------------|---------------------|-----------------|---------------------|
| 2002 | 60,053.29 | 0.03 | 3 | 0.21 |
| 2003 | 260,862.08 | 0.15 | 2 | 0.14 |
| 2004 | 2,445,231.24 | 1.39 | 21 | 1.49 |
| 2006 | 46,011,007.81 | 26.24 | 302 | 21.48 |
| 2007 | 126,577,533.94 | 72.18 | 1,075 | 76.46 |
| 2008 | 17,753.34 | 0.01 | 3 | 0.21 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Original Term (years) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|-----------------------|-----------------------|---------------------|-----------------|---------------------|
| 10.00 to 14.99 | 2,886,954.06 | 1.65 | 23 | 1.64 |
| 15.00 to 19.99 | 21,126,518.49 | 12.05 | 163 | 11.59 |
| 20.00 to 24.99 | 43,525,603.50 | 24.82 | 367 | 26.10 |
| 25.00 to 29.99 | 95,795,613.90 | 54.62 | 720 | 51.21 |
| 30.00 >= | 12,037,751.75 | 6.86 | 133 | 9.46 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Remaining Term (years) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|------------------------|-----------------------|---------------------|-----------------|---------------------|
| 0.00 to 1.99 | 13,048,054.01 | 7.44 | 99 | 7.04 |
| 2.00 to 3.99 | 3,907,918.57 | 2.23 | 36 | 2.56 |
| 4.00 to 5.99 | 6,488,495.59 | 3.70 | 48 | 3.41 |
| 6.00 to 7.99 | 34,786,514.00 | 19.84 | 274 | 19.49 |
| 8.00 to 9.99 | 8,398,296.49 | 4.79 | 81 | 5.76 |
| 10.00 to 11.99 | 76,733,000.39 | 43.75 | 581 | 41.32 |
| 12.00 to 13.99 | 18,067,520.99 | 10.30 | 135 | 9.60 |
| 14.00 to 15.99 | 1,112,585.34 | 0.63 | 12 | 0.85 |
| 16.00 to 17.99 | 11,877,511.14 | 6.77 | 131 | 9.32 |
| 18.00 >= | 952,545.18 | 0.54 | 9 | 0.64 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Seasoning (years) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|-------------------|-----------------------|---------------------|-----------------|---------------------|
| 11.00 to 11.99 | 2,305.88 | 0.00 | 1 | 0.07 |
| 12.00 to 12.99 | 31,929,245.01 | 18.21 | 276 | 19.63 |
| 13.00 to 13.99 | 139,133,644.67 | 79.34 | 1,089 | 77.45 |
| 14.00 to 14.99 | 1,541,099.53 | 0.88 | 14 | 1.00 |
| 15.00 >= | 2,766,146.61 | 1.58 | 26 | 1.85 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Repayment Method | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|------------------|-----------------------|---------------------|-----------------|---------------------|
| Interest Only | 155,959,462.90 | 88.93 | 1,079 | 76.74 |
| Repayment | 18,775,809.14 | 10.71 | 322 | 22.90 |
| Part & Part | 637,169.66 | 0.36 | 5 | 0.36 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Interest Rate Index | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|------------------------|-----------------------|---------------------|-----------------|---------------------|
| BoE Base Rate | 139,625,873.73 | 79.62 | 1,078 | 76.67 |
| 3 Month LIBOR | 33,282,544.87 | 18.98 | 305 | 21.69 |
| Standard Variable Rate | 2,464,023.10 | 1.41 | 23 | 1.64 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Current Interest Rate (%) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------------------|-----------------------|---------------------|-----------------|---------------------|
| 0.50 to 0.99 | 224,688.12 | 0.13 | 2 | 0.14 |
| 1.00 to 1.49 | 1,427,600.14 | 0.81 | 13 | 0.92 |
| 1.50 to 1.99 | 3,332,331.89 | 1.90 | 23 | 1.64 |
| 2.00 to 2.49 | 122,675,532.32 | 69.95 | 973 | 69.20 |
| 2.50 to 2.99 | 25,146,791.27 | 14.34 | 193 | 13.73 |
| 3.00 to 3.49 | 12,343,415.38 | 7.04 | 106 | 7.54 |
| 3.50 to 3.99 | 7,306,756.14 | 4.17 | 65 | 4.62 |
| 4.00 to 4.49 | 1,847,300.60 | 1.05 | 17 | 1.21 |
| 4.50 to 4.99 | 701,005.22 | 0.40 | 9 | 0.64 |
| 5.00 >= | 367,020.62 | 0.21 | 5 | 0.36 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Interest Rate Margin (%) | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------|-----------------------|---------------------|-----------------|---------------------|
| 0.50 to 0.99 | 2,232,925.67 | 1.27 | 20 | 1.42 |
| 1.00 to 1.49 | 2,489,112.16 | 1.42 | 24 | 1.71 |
| 1.50 to 1.99 | 75,297,238.70 | 42.94 | 530 | 37.70 |
| 2.00 to 2.49 | 55,082,777.88 | 31.41 | 509 | 36.20 |
| 2.50 to 2.99 | 26,583,835.03 | 15.16 | 197 | 14.01 |
| 3.00 to 3.49 | 7,528,589.47 | 4.29 | 65 | 4.62 |
| 3.50 to 3.99 | 4,926,088.61 | 2.81 | 45 | 3.20 |
| 4.00 to 4.49 | 705,877.05 | 0.40 | 9 | 0.64 |
| 4.50 to 4.99 | 328,343.00 | 0.19 | 4 | 0.28 |
| 5.00 >= | 197,654.13 | 0.11 | 3 | 0.21 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Loan Purpose | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------|-----------------------|---------------------|-----------------|---------------------|
| Purchase | 90,216,658.39 | 51.44 | 701 | 49.86 |
| Remortgage | 81,727,908.98 | 46.60 | 643 | 45.73 |
| Right to Buy | 2,539,191.81 | 1.45 | 36 | 2.56 |
| No Data | 888,682.52 | 0.51 | 26 | 1.85 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Occupancy Type | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|----------------|-----------------------|---------------------|-----------------|---------------------|
| Owner-Occupied | 113,291,415.04 | 64.60 | 953 | 67.78 |
| Buy-to-Let | 62,081,026.66 | 35.40 | 453 | 32.22 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Number Months in Arrears | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------|-----------------------|---------------------|-----------------|---------------------|
| 0.00 to 0.99 | 157,881,119.94 | 90.03 | 1,276 | 90.75 |
| 1.00 to 1.99 | 5,479,379.15 | 3.12 | 49 | 3.49 |
| 2.00 to 2.99 | 3,138,416.75 | 1.79 | 23 | 1.64 |
| 3.00 to 3.99 | 1,950,453.94 | 1.11 | 14 | 1.00 |
| 4.00 to 4.99 | 1,199,236.60 | 0.68 | 11 | 0.78 |
| 5.00 to 5.99 | 680,585.94 | 0.39 | 5 | 0.36 |
| 6.00 >= | 5,043,249.38 | 2.88 | 28 | 1.99 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Loans Past their Maturity Date | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--------------------------------|-----------------------|---------------------|-----------------|---------------------|
| N | 174,037,136.01 | 99.24 | 1,399 | 99.50 |
| Y | 1,335,305.69 | 0.76 | 7 | 0.50 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Right to Buy | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------|-----------------------|---------------------|-----------------|---------------------|
| N | 172,833,249.89 | 98.55 | 1,370 | 97.44 |
| Y | 2,539,191.81 | 1.45 | 36 | 2.56 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Income Verification for Primary Borrower | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--|-----------------------|---------------------|-----------------|---------------------|
| No Data | 941,758.85 | 0.54 | 27 | 1.92 |
| Self-certified | 59,148,024.81 | 33.73 | 437 | 31.08 |
| Verified | 115,282,658.04 | 65.74 | 942 | 67.00 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Region | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|------------------------|-----------------------|---------------------|-----------------|---------------------|
| Greater London | 39,275,189.40 | 22.40 | 186 | 13.23 |
| South East | 28,231,028.40 | 16.10 | 175 | 12.45 |
| North West | 25,682,483.16 | 14.64 | 258 | 18.35 |
| West Midlands | 13,779,342.08 | 7.86 | 131 | 9.32 |
| Yorkshire & Humberside | 12,843,958.84 | 7.32 | 141 | 10.03 |
| Scotland | 11,905,364.02 | 6.79 | 111 | 7.89 |
| South West | 10,238,214.40 | 5.84 | 81 | 5.76 |
| East Midlands | 10,132,870.59 | 5.78 | 104 | 7.40 |
| North East | 8,023,976.84 | 4.58 | 87 | 6.19 |
| Wales | 7,492,482.83 | 4.27 | 71 | 5.05 |
| East of England | 4,131,253.22 | 2.36 | 32 | 2.28 |
| Northern Ireland | 3,636,277.92 | 2.07 | 29 | 2.06 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| CCJs | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|---------------|-----------------------|---------------------|-----------------|---------------------|
| 0 | 157,136,741.74 | 89.60 | 1,222 | 86.91 |
| 1 | 13,927,490.54 | 7.94 | 126 | 8.96 |
| 2 | 2,512,617.93 | 1.43 | 25 | 1.78 |
| 3 | 727,937.18 | 0.42 | 5 | 0.36 |
| 4 | 125,895.46 | 0.07 | 1 | 0.07 |
| No Data | 941,758.85 | 0.54 | 27 | 1.92 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Bankruptcy or Individual Voluntary Arrangement | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--|-----------------------|---------------------|-----------------|---------------------|
| N | 172,978,916.11 | 98.64 | 1,362 | 96.87 |
| ND | 941,758.85 | 0.54 | 27 | 1.92 |
| Y | 1,451,766.74 | 0.83 | 17 | 1.21 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Property Type | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|----------------------------------|-----------------------|---------------------|-----------------|---------------------|
| No Data | 96,340,440.11 | 54.93 | 668 | 47.51 |
| House, detached or semi-detached | 35,650,920.65 | 20.33 | 314 | 22.33 |
| Terraced | 33,811,229.58 | 19.28 | 346 | 24.61 |
| Flat/Apartment | 7,934,411.20 | 4.52 | 64 | 4.55 |
| Bungalow | 1,635,440.16 | 0.93 | 14 | 1.00 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| Employment Type | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|------------------------|----------------------------|----------------------------|------------------------|----------------------------|
| Employed | 78,461,536.42 | 44.74 | 737 | 52.42 |
| Self-Employed | 57,859,610.67 | 32.99 | 387 | 27.52 |
| No Data | 39,051,294.61 | 22.27 | 282 | 20.06 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

| COVID-19 Payment Deferral Loans | Current Balance (£) | Current Balance (%) | Number of Loans | Number of Loans (%) |
|--|----------------------------|----------------------------|------------------------|----------------------------|
| N | 153,805,529.98 | 87.70 | 1,263 | 89.83 |
| Y | 21,566,911.72 | 12.30 | 143 | 10.17 |
| Total: | 175,372,441.70 | 100.00 | 1,406 | 100.00 |

SUMMARY OF THE KEY TRANSACTION DOCUMENTS

Mortgage Sale Agreement

Portfolio

Under a mortgage sale agreement entered into on or around the Closing Date between, among others, the Seller, the Issuer and the Security Trustee (the "**Mortgage Sale Agreement**"), on the Closing Date, the Seller shall (in consideration for payment of the Initial Consideration and the issuance and payment under the Residual Certificates as detailed below):

- (a) sell, assign or otherwise transfer to the Issuer pursuant to the Mortgage Sale Agreement a portfolio of English Loans and Northern Irish Loans; and
- (a) direct the ALBA 2015 Legal Title Holder to hold a portfolio of Scottish Loans sold, assigned or transferred by the Seller to the Issuer pursuant to the terms of the Mortgage Sale Agreement and their Related Security on trust under a Scottish Declaration of Trust for the benefit of the Issuer.

The English Loans and Northern Irish Loans and their respective Related Security comprising the Portfolio will be assigned by way of equitable assignment to the Issuer, while the Scottish Loans and their Related Security comprising the Portfolio will be held on trust for the Issuer under the Scottish Declaration of Trust dated the Closing Date, in each case referred to as the "**sale**" by the Seller to the Issuer of the Loans and Related Security.

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

- (a) the Initial Consideration in an amount equal to £242,069,795.00, such Initial Consideration being due and payable on the Closing Date; and
- (b) the deferred consideration consisting of the Residual Payments in respect of the Portfolio payable pursuant to the applicable Priority of Payments, the right to such Residual Payments being represented by Residual Certificates to be issued by the Issuer and delivered to the Seller on the Closing Date.

Any Residual Payment payable pursuant to the Residual Certificates will be paid in accordance with the priority of payments set out in the sections headed "*Cashflows – Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer*", "*Cashflows – Application of Available Redemption Receipts prior to the service of an Enforcement Notice on the Issuer*" and "*Cashflows – Distributions following the service of an Enforcement Notice on the Issuer*".

Title to the Mortgages, Registration and Notifications

The completion of the transfer, or, in the case of Scottish Loans and their Related Security, assignment, of the legal title to the Loans and their Related Security (and, where appropriate, their registration or recording) to the Issuer is, save in the limited circumstances referred to below, deferred. Legal title to the Loans and their Related Security therefore remains with the relevant Legal Title Holder until the occurrence of a Perfection Event. Notice of the sale of the Loans and their Related Security to the Issuer will not be given to any Borrower until the occurrence of a Perfection Event.

The transfers to the Issuer will be completed by or on behalf of the relevant Legal Title Holder as soon as reasonably practicable after any of the following Perfection Events occurs:

- (a) the relevant Legal Title Holder is required to perfect the Issuer's legal title to the Loans by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the relevant Legal Title Holder or by any organisation of which the relevant Legal Title Holder is a member;
- (b) it becomes necessary by law or regulation to do any or all of the acts referred to in paragraph (a) above;
- (c) the occurrence of any Servicer Termination Event in circumstances where all applicable grace periods have expired and no replacement Servicer has been appointed;
- (d) the security created under or pursuant to the Deed of Charge or any material part of that security is, in the opinion of the Security Trustee, in danger of being seized or sold under any form of distress, diligence, attachment, execution or other legal process or otherwise in jeopardy; or
- (e) there is an Insolvency Event in relation to the relevant Legal Title Holder or any other entity in which legal title to any Loan is vested;

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

If the Loans and their Related Security are sold pursuant to the exercise of the Call Option, the Issuer or (if at the time the Call Option is exercised the Issuer does not hold the Whole Legal Title) the Legal Title Holders, upon receipt of a direction from the Issuer and at the sole cost and expense of the Option Holder, shall promptly transfer the Whole Legal Title in the Loans and their Related Security comprising the Portfolio to the Legal Title Transferee.

An "**Insolvency Event**" will occur in respect of an entity in the following circumstances:

- (a) an order is made or an effective resolution passed for the winding-up of the relevant entity (or it proposes or makes any compromise or arrangement with its creditors); or
- (b) the relevant entity stops or threatens to stop payment to its creditors generally or the relevant entity ceases or threatens to cease to carry on its business or substantially the whole of its business; or
- (c) an encumbrancer takes possession or a Receiver is appointed to the whole or any material part of the undertaking, property and assets of the relevant entity or a distress, diligence or execution is levied or enforced upon or sued out against the whole or any material part of the chattels or property of the relevant entity and, in the case of any of the foregoing events, is not discharged within 30 days; or
- (d) the relevant entity is unable to pay its debts as they fall due or it is deemed under section 123 of the Insolvency Act 1986 to be unable to pay its debts or announces an intention to suspend making payments with respect to any class of undisputed debts or takes steps with a view to obtaining a moratorium in respect of any indebtedness; or
- (e) if proceedings are initiated against the relevant entity under any applicable liquidation, insolvency, compromise, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the relevant entity or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of relevant entity, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a

petition for an administration order), unless initiated by the relevant entity, is not discharged within 30 days; or

- (f) any analogous procedure or step is taken in any jurisdiction.

Following a Perfection Event, notice of the legal assignments and assignments will be given to the Borrowers and the Issuer will take steps to register and record such legal assignments and assignments at the Land Registry of England, Land Registers of Northern Ireland and Registers of Scotland (as applicable).

Save for Title Deeds held at the Land Registry of England, Land Registers of Northern Ireland or the Registers of Scotland (as the case may be), all the Title Deeds and the mortgage files and computer tapes relating to each of the Loans and their Related Security are held by the relevant Legal Title Holder or the relevant Servicer (on behalf of the relevant Legal Title Holder) or its solicitors or agents and the Title Deeds are held in dematerialised form or are returned to the Borrower's solicitors, and in relation to the Title Deeds held at the Registers of Scotland in respect of Properties title to which is recorded in the General Register of Sasines, such Title Deeds are held on the basis that they (other than the dematerialised copies of the Title Deeds) shall be returned to the relevant Legal Title Holder or the relevant Servicer or its solicitors or agents.

Neither the Security Trustee nor the Issuer has made or has caused to be made on its behalf any enquiries, searches or investigations, but each is relying entirely on the representations and warranties made by the Seller contained in the Mortgage Sale Agreement.

Conditions to Sale

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

Representations and Warranties

On the Closing Date, the Loan Warranties (described below in this section "*Representations and Warranties*") will be given by the Seller in respect of the Loans and their Related Security sold by the Seller to the Issuer on that day.

The warranties that will be given to the Issuer and separately to the Security Trustee by the Seller on the Closing Date pursuant to the Mortgage Sale Agreement (the "**Loan Warranties**") include, *inter alia*, similar statements to the following effect:

- (a) each Loan and its Related Security constitute a legal, valid and binding obligation of the relevant Borrower enforceable in accordance with its terms (except that (1) enforceability may be limited by the bankruptcy or insolvency of the Borrower or by the application of the UTCCR, the CPUTRs or the FSMA and (2) no warranty is given in relation to any obligation of the Borrower to pay prepayment charges, mortgage administration exit fees or charges payable in the event of Borrower default) and each Related Security secures the repayment of all advances, interest, costs and expenses payable by the Borrower (other than in relation to any payment charges);
- (b) to the extent that any Loan and its Related Security is subject to the UTCCR and as far as the Seller is aware, no action whether formal or informal has been taken by the CMA, the FCA or a "qualifying body" as defined in the UTCCR, against the Seller, the Originators or the Legal Title Holders pursuant to the UTCCR or otherwise which might restrict or prevent the use in any Loan or their Related Security of any material term or the enforcement of such terms;
- (c) immediately prior to the transfer of the Loans under the Mortgage Sale Agreement, the Seller was the absolute beneficial owner of all of such Loans and the Related Security to be sold to the Issuer thereunder at the Closing Date or (in relation to the Scottish Loans) had the right (as contractual

owner of such Loans) to become the beneficial owner of such Loans as at the Closing Date, and the Seller has not assigned (whether by way of absolute assignment or by way of security only), transferred, charged released, disposed of, held in trust or otherwise dealt with the benefit of any of the Loans or their Related Security or any of the property, rights, title, interest or benefit to be sold or assigned pursuant to the Mortgage Sale Agreement in any way whatsoever other than pursuant to the Mortgage Sale Agreement;

- (d) each Loan is secured by a valid and subsisting first legal mortgage (or, in Scotland, first ranking standard security) over the Property to which it relates (subject to completion of any registration or recording requirements at the Land Registry or the Registers of Scotland or the Land Registry of Northern Ireland and/or the Registry of Deeds (as applicable) and (in those cases) there is nothing to prevent that registration or recording being effected) other than the one ALBA 2015 Loan and its Related Security which is secured by a valid and subsisting economically first ranking mortgage over the Property to which that ALBA 2015 Loan and its Related Security relate;
- (e) no lien or right of set-off or counterclaim has been created or arisen between the Borrower and the relevant Legal Title Holder which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Loan;
- (f) all things necessary to perfect the vesting of the legal title to each Loan and to Related Security in the relevant Legal Title Holder have been duly done or are in the process of being done;
- (g) the Legal Title Holders hold or will hold, upon completion of any pending applications for registration or recording of the relevant Legal Title Holder as legal title holder of any Mortgages at the Land Registry or heritable creditor at the Registers of Scotland or as legal title holder of any Mortgages at the Land Registry of Northern Ireland and/or the Registry of Deeds (as applicable), legal title to all Loans and related Mortgages and the Related Security;
- (h) each Property is a residential property located in England, Wales, Northern Ireland or Scotland;
- (i) each Loan and its Related Security (in respect of the ALBA 2006 Loans and the ALBA 2015 Loans) or, as applicable, any Further Advance (in respect of the ALBA 2006 Loans only), was made on the same terms as are set out in the Standard Documentation without any material variation thereto, or where there were any changes, such changes would have been acceptable to a Reasonable, Prudent Residential Mortgage Lender. In relation to the ALBA 2006 Loans only, the relevant product specifications have been included within the terms of each Loan and each Further Advance and there are no product specifications applicable to the Portfolio other than the product specifications. Where special conditions have been used, they are either the special conditions appropriate for the product specification or are not related to a particular product specification but are such as would be required for a Reasonable, Prudent Residential Mortgage Lender in the circumstances of the particular Loan and the particular Further Advance;
- (j) as far as the Seller is aware, prior to making a Loan, reasonable steps were taken to verify that the requirements of the Lending Criteria were met in all cases, subject only to exceptions made on a case-by-case basis and in accordance with the relevant Originator's internal policies;
- (k) as of the Portfolio Reference Date, not more than 10.87 per cent. of the Portfolio by Current Balance comprises Loans which have an arrears balance which is greater than or equal to the value of the monthly instalment payable immediately before the Portfolio Reference Date;
- (l) at the time of origination of the relevant Loan, a valuation of the relevant Property was undertaken that would be acceptable to a Reasonable, Prudent Residential Mortgage Lender, as at the date of such origination and taking into account the standards then applicable at such time, provided that no

breach of this warranty will occur in respect of the seven ALBA 2015 Loans and their Related Security that are disclosed as being in breach of this warranty in the Mortgage Sale Agreement;

- (m) neither the Seller nor the Legal Title Holders have, in writing, waived or acquiesced in any breach of any of their rights in respect of a Loan or its Related Security, other than in relation to any payment default in respect of those Loans;
- (n) so far as the Seller is aware, having made all appropriate investigations with the relevant Servicer, no Borrower is or has, since the date of origination of the relevant Loan, been in material breach of any obligation owed in relation to that Loan and/or its Related Security (other than in relation to any payment default in respect of those Loans);
- (o) each Borrower is a natural legal person and, so far as the Seller is aware, (i) was aged 18 years or older at the date that he or she executed the relevant Loan and its Related Security, (ii) every person who had attained the age of 18 and who had been notified to the relevant Originator as being in or about to be in actual occupation of the relevant Property, is either named as a Borrower or has signed a deed of consent so as to ensure that the relevant Property is not subject to any right of occupancy and (iii) in relation to each Scottish Mortgage, all necessary MHA/CP Documentation has been obtained so as to ensure that the relevant Property and relevant Scottish Mortgage is not subject to any right of occupancy;
- (p) each Loan was originated in, is denominated in, and all amounts in respect of such Loan are payable in, Sterling and may not be changed by the relevant Borrower to any other currency;
- (q) since the making of each Loan, such accounts, books and records as are necessary to show all material transactions, payments, receipts and proceeds relating to that Loan and its Mortgage and Related Security have been kept and all such accounts, books and records are in the possession of the relevant Legal Title Holder;
- (r) the amount of each Loan has been fully advanced to the Borrower and (other than in respect of the ALBA 2006 Loans) the Mortgage Documents contain no obligation on the part of the Seller or the relevant Legal Title Holder to make any Further Advance or a Port;
- (s) in relation to each Related Security in respect of the ALBA 2015 Loans only, over a Property in England and Wales, the Borrower has a good and marketable title to the relevant Property, in relation to each Scottish Loan, the Borrower has a valid and marketable title to the relevant Property and in relation to each Northern Irish Loan, the Borrower has a good and marketable title to the relevant Property, and the relevant Property has been registered or recorded or is in the course of registration with such title as would be acceptable to a Reasonable, Prudent Residential Mortgage Lender;
- (t) all the Loans in respect of Properties located in (i) England and Wales are governed by English law; (ii) Scotland are governed by Scots law and (iii) Northern Ireland are governed by Northern Irish law;
- (u) except in the case of a Loan which is the subject of a policy of insurance in respect of title (howsoever described) to a relevant Property issued by a provider of such policies, at the date of origination of each Loan, so far as the Seller is aware, the relevant Originator received from its solicitors a certificate of title or report on title to the title to the relevant Property addressed to the relevant Originator. So far as the Seller is aware in respect of the ALBA 2015 Loans, such certificate of title or report on title disclosed nothing which would, if applicable, after further investigation, cause a Reasonable, Prudent Residential Mortgage Lender to decline to proceed with the Loan on the proposed terms provided that no breach of this warranty will occur in respect of the three ALBA

2015 Loans and their Related Security that are disclosed as being in breach of this warranty in the Mortgage Sale Agreement;

- (v) so far as the Seller is aware, as at the date hereof, each individual building policy in full force and effect, valid and enforceable and, so far as the Seller is aware, all premiums have been paid and there is no reason why an insurer may refuse to accept liability under a relevant individual building policy;
- (w) there is no claim outstanding under any title insurance policy relating to a Loan. Each such policy is in full force and effect, all premiums have been paid and, as far as the Seller is aware, there are no circumstances giving the title insurer under any such Title Insurance Policy the right to avoid or terminate such policy in so far as it relates to the Properties or to reduce the amount payable thereunder;
- (x) as far as the Seller is aware, neither the relevant Originator nor any other person who has held title in any Loan has waived or agreed to waive any of its rights against any valuer, solicitor or other professional who has provided information, carried out work or given advice in connection with any Loan and the Related Security
- (y) except for documents which have been submitted with an application for Related Security and such application is still pending, the customer file, the deed constituting the relevant Mortgage and any documents of title of the relevant Property are held by or to the order of the relevant Legal Title Holder;
- (z) in respect of the ALBA 2015 Loans only, no Loan is wholly or partly regulated by the CCA or by the FSMA as a regulated credit agreement under article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) or treated as such, or, to the extent that it is so regulated or partly regulated or treated as such, the Seller has complied with all of the relevant legal requirements of, and procedures set out in, the CCA or the FSMA and all secondary legislation made pursuant thereto and the FCA handbook, as applicable. In relation to any Loan which is a regulated mortgage loan within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, so far as the Seller is aware, all requirements of MCOB have been complied with in all material respects in connection with the origination, documentation and administration of such Loan (as applicable);
- (aa) in relation to any leasehold or long leasehold property, in any case where the relevant Legal Title Holder or any other person who has held title in any Loan has received written notice from the relevant landlord that it is or may be taking steps or forfeit or (in respect of long-leasehold property in Scotland) irritate the lease of that Property, the relevant Legal Title Holder or any other person who has held title in any Loan has taken such steps (if any) and in such time as would be taken by a Reasonable, Prudent Residential Mortgage Lender to protect its security and Loan;
- (bb) so far as the Seller is aware having made reasonable enquiries of the Servicers, neither the Legal Title Holders, the Seller nor any other person who has held title in any Loan have received written notice of any litigation or claim calling into question in any material way the legal and/or beneficial title to any Loan or the Related Security of the relevant Legal Title Holder or its ability to fully and effectively enforce the same;
- (cc) so far as the Seller is aware, it being acknowledged that the Seller is not under a duty to make any enquiry or investigation in order to satisfy itself of the same, no fraud, misrepresentation or concealment has been perpetrated in respect of any Loan by:
 - (i) any person who prepared a valuation of a Property; or
 - (ii) any solicitors who acted for the Seller in relation to any Loan; or

- (iii) any insurance broker or agent in relation to any insurance contract relating to a Loan; or
- (iv) any Borrower of any Loan; or
- (v) any other party within the knowledge of the Seller,

which would result in any monies owed by any of the Borrowers not being unlikely to be repaid in full under the terms of any of the Loans;

- (dd) other than the Seller selling a Loan, the only third party having an interest in such Loan, the Related Security and other rights granted to or held for the Seller and being the subject of the Mortgage Sale Agreement is the relevant Legal Title Holder in its capacity as bare trustee of the legal title to the Loans and Related Security (including, in respect of the Scottish Loans, pursuant to the Scottish Declaration of Trust);
- (ee) the information relating to the Loans as set out in the annexure to the Mortgage Sale Agreement is true and accurate in all material respects;
- (ff) the Loans (i) constitute financial assets for purposes of UK generally accepted accounting practice and (ii) are not shares;
- (gg) in the case of each Loan which is secured over leasehold property which is not the subject of a title insurance policy, so far as the Seller is aware:
 - (i) any requisite consent of the landlord to, or notice to the landlord of, the creation of the Mortgage has been obtained or given (as applicable); and
 - (ii) a copy of the relevant consent or notice has been placed with the title deeds;
- (hh) all Loans and Related Security are freely assignable and no formal approvals, consents or other steps are necessary to permit a legal or an equitable or beneficial transfer of or the creation of a trust over the Loans and Related Security, no notification to any Borrower is required to effect any equitable or beneficial transfer of the Loans and Related Security are not subject to any contractual confidentiality restrictions which may restrict the ability of the Issuer to acquire or dispose of the same or exercise its rights or discharge its obligations under the Transaction Documents;
- (ii) no Loan, Related Security or any ancillary rights in respect of a Loan is "stock" or a "marketable security" within the meaning of section 125 of the Finance Act 2003 or a "chargeable security" (as such is defined for the purposes of section 99 of the Finance Act 1986) or a "chargeable interest" (as such term is defined for the purposes of section 48 of the Finance Act 2003);
- (jj) the Related Security consists wholly and exclusively of rights held by way of security and does not comprise any beneficial entitlement to any assets other than assets the rights to which are held by way of security;
- (kk) as far as the Seller is aware, no steps have been taken to enforce the Loan or Related Security;
- (ll) no Borrower is an employee of the Seller; and
- (mm) no Loan has a final maturity beyond the date falling two years prior to the Final Payment Date of the Notes.

Neither the Security Trustee nor the Arranger have undertaken any additional due diligence in respect of the application of the Lending Criteria and have relied entirely upon the representations and warranties referred

to above which will be made by the Seller to the Issuer and the Security Trustee pursuant to the Mortgage Sale Agreement.

Repurchase by the Seller

The Seller will agree to be liable for the repurchase of any Loan and its Related Security sold pursuant to the Mortgage Sale Agreement if any Loan Warranty made by the Seller in relation to that Loan and/or its Related Security proves to be materially untrue as at the Closing Date and that default has not been remedied in accordance with the Mortgage Sale Agreement and within the applicable grace period. Any Loans and their Related Security will be required to be repurchased following receipt by the Seller of a loan repurchase notice substantially in the form set out in and delivered in accordance with the Mortgage Sale Agreement (a "**Loan Repurchase Notice**") requiring the Seller to repurchase the relevant Loan and its Related Security in accordance with the terms of the Mortgage Sale Agreement.

The Seller may in lieu of the repurchase, at the option of the Seller, make an indemnity payment in lieu of repurchase of a Loan or Loans.

The Seller shall have no other liability for breach of a Loan Warranty other than the obligation to repurchase such Loan or Loans in breach of Loan Warranty or make an indemnity payment in lieu of such repurchase in accordance with the terms of the Mortgage Sale Agreement, and shall have no obligation to repurchase any Loans in breach of any Loan Warranty or make any indemnity payment in lieu of such repurchase unless the Issuer has given the Seller notice of the event giving rise to the obligation to repurchase before the Optional Redemption Date. In addition, the Seller shall have no liability for a material breach of a Loan Warranty other than the obligation to repurchase (or make an indemnity payment in lieu of repurchase) in accordance with the terms of the Mortgage Sale Agreement unless:

- (i) in relation to each Loan the amount of such loss suffered by the Issuer would be more than £5,000; and
- (ii) (in relation to the first claim) the loss suffered by the Issuer for all breaches of warranty in relation to all the Loans in the Portfolio would exceed £500,000 in aggregate provided that once such aggregate threshold has been reached, a claim for breach of a Loan Warranty may be made in relation to each Loan where the loss exceeds the threshold referred to in paragraph (i) above, and in which case the Seller shall be liable for the total loss (being, for the avoidance of doubt, £500,000 plus any amount in excess thereof).

Repurchase following legal proceedings

The Seller and the Issuer will agree pursuant to the Mortgage Sale Agreement that if and to the extent that any determination shall be made by any court or other competent authority or any ombudsman or regulator that:

- (a) any term which relates to the recovery of interest under the Standard Documentation applicable to a Loan and its Related Security is unfair;
- (b) the Standard Variable Rate or any other discretionary interest rate or margin payable under any Loan (subject to any applicable caps, discounts and fixed rates) may not be set by the relevant Legal Title Holder, any successors, assigns or transferees of the relevant Legal Title Holder, any person holding legal title as bare trustee for the Issuer or those deriving title from the Issuer or such holder of legal title; or
- (c) there has been any material breach of or non-observance or non-compliance with any obligation, undertaking, covenant or condition on the part of the Seller or the Originators or the relevant Legal Title Holder relating to the interest payable by or applicable to a Borrower under any Loan,

and such determination results in the relevant Loan (or any terms thereof relating to the obligations of the relevant Borrower to make payment of principal or interest in respect of the relevant Loan or the security granted in respect of the relevant Loan) being unenforceable, non-binding upon the relevant Borrower or has a material adverse effect on the enforceability of such Loan or its Related Security, then, as soon as reasonably practicable after the receipt by the Issuer of a notification that such a determination has been made under paragraph (a), (b) or (c) above, the Issuer will serve upon the Seller a Loan Repurchase Notice requiring the Seller to repurchase (or procure the repurchase of) the relevant Loan and its Related Security and, following receipt of such Loan Repurchase Notice, the Seller shall be required to repurchase the relevant Loan and its Related Security in accordance with the terms of the Mortgage Sale Agreement.

Repurchase price

Where the Seller is required to repurchase an affected Loan and its Related Security, the consideration payable by the Seller in respect of the repurchase of an affected Loan and its Related Security shall be equal to the Outstanding Principal Balance of such Loan as at the relevant date of any such repurchase, plus Arrears of Interest plus the Issuer's costs and expenses (if any) associated with the transfer of such Loan and its Related Security to the Seller.

As noted above, the Seller may in lieu of the repurchase, at the option of the Seller, elect to make an indemnity payment to the Issuer in respect of the affected Loan. If the Seller makes such an election, instead of effecting a repurchase of the relevant Loan, it shall indemnify on an after-tax basis and keep indemnified the Issuer against all Liabilities relating to the breach of Loan Warranty, provided that any Liabilities of the Issuer in relation to any Loan shall not exceed the amount that would have been payable by the Seller if it had repurchased the Loan and its Related Security.

As used in this Prospectus:

"**ALBA 2006 Cut-Off Date**" means, for the ALBA 2006 Loans, 10 August 2020.

"**ALBA 2015 Cut-Off Date**" means, for the ALBA 2015 Loans, 31 July 2020.

"**Accrued Interest**" means, in relation to a Loan, as at any given date, the aggregate amount of interest accrued or charged from and including the immediately preceding monthly payment date for such Loan but not yet paid (or, if later, the date of completion of such Loan) to, but excluding, that given date.

"**Arrears Balance**" means, in relation to a Loan, as at any given date, the aggregate amount of all the sums which are due and payable but have not been paid by the relevant Borrower in accordance with the terms of that Loan as at that given date including any:

- (a) Arrears of Interest; and
- (b) arrears of any repayment of principal.

"**Arrears of Interest**" means, in relation to a Loan, as at any given date, interest which has become due and payable but remains unpaid as at that given date.

"**Borrower**" means, in relation to a Loan, each person or persons who is or are named and defined as such in the relevant Loan, Mortgage or Mortgage Conditions and to whom such Loan is advanced together with any person or persons from time to time assuming the obligations of the Borrower to repay such Loan or any part of it.

"**Calculation Date**" means the day falling three Business Days prior to each Interest Payment Date.

"Calculation Period" means each period from (and including) the first day in a calendar month to (and including) the last day of that same calendar month and in the case of the first Calculation Period, the period from (and including) 24 August 2020 to (but excluding) 1 September 2020

"Certificate of Title" means, in respect of a Property, a solicitor's, licensed or (in Scotland) qualified conveyancer's report or certificate of title obtained by or on behalf of the Originators in respect of such Property substantially in the form of the pro forma set out in the Standard Documentation and all documents and enclosures accompanying the certificate of title as required by the solicitor's instructions.

"Collection Period" means each quarterly period commencing from (but excluding) each Collection Period End Date and ending on (and including) the immediately succeeding Collection Period End Date, with the first Collection Period commencing on (and including) 1 August 2020 (in respect of the ALBA 2015 Loans) and 11 August 2020 (in respect of the ALBA 2006 Loans).

"Collection Period End Date" means the last calendar day of February, May, August and November, with the first Collection Period End Date ending on (and including) 30 November 2020.

"Completion Interest" means any interest which has become due and payable or has been added to the Current Balance of a Loan for the period between completion of that Loan and the end of the relevant calendar month in which such completion took place;

"Current Balance" means, in relation to any Loan as at any date, all sums owing by a Borrower under that Loan and secured or intended to be secured by the relevant Mortgage as at close of business on that date including but not limited to the Arrears Balance and (where relevant) Accrued Interest in respect of the period up to and including, but not beyond, that date and including any:

- (a) rent and service charge paid by the relevant Legal Title Holder or a predecessor in title to an applicable Borrower's reversioner or landlord in relation to leasehold properties and not reimbursed by the applicable Borrower;
- (b) Completion Interest; and
- (c) Sundry Fees.

"Deed of Consent" means a deed whereby the signatory agreed to postpone his interest (if any) in the relevant Property to that created by an English Mortgage by declaring that he will not assert any right to an overriding interest by occupation adverse to the mortgagee's rights under the relevant Mortgage.

"Early Repayment Charge" means amounts payable by a Borrower in respect of a Loan as additional payments in respect of the early repayment of all or part of that Loan (for the avoidance of doubt, excluding the principal amount repayable and any accrued interest payable in respect of such Loan).

"Enforced Loans" means Loans in respect of which the Related Security has been enforced and the related Property has been sold.

"English Loan" means a Loan secured by an English Mortgage.

"English Mortgage" means a Mortgage secured over a Property situated in England or Wales.

"Insolvency Proceedings" means in respect of any person:

- (a) it is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;

- (b) the value of its assets is less than its liabilities (taking into account contingent and prospective liabilities) or
- (c) a moratorium is declared in respect of any of its indebtedness.

"Irrecoverable VAT " means any amount in respect of VAT incurred by a party to the Transaction Documents (for the purposes of this definition, a **"Relevant Party"**) as part of a payment in respect of which it is entitled to be reimbursed or indemnified under the relevant Transaction Documents to the extent that the Relevant Party does not or will not receive and retain a credit, deduction or repayment of such VAT (as input tax as that expression is defined in section 24(1) of the Value Added Tax Act 1994 or under Article 168 of the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) or any provision of a similar nature, under the law of a member state of the European Union or elsewhere);

"Land Registers of Northern Ireland" means the body responsible for recording details of land in Northern Ireland;

"Lending Criteria" means in respect of a Loan the lending criteria of the Originators as at the time of origination of such Loan.

"Liabilities" means, in respect of any person, any loss, damage, cost, charge, award, claim, demand, expense, judgment, action, proceeding or other liability including legal costs and expenses properly incurred (including, in each case, Irrecoverable VAT in respect thereof);

"Litigation" means any form of court proceedings in respect of a Loan pursued by or on behalf of the Issuer, the Originators or the relevant Legal Title Holder.

"Loan" means a residential mortgage loan (including the aggregate of the outstanding balance of any Loan Advance, any Accrued Interest, Arrears Balance and any fees, costs and other amounts owing to the Seller, the Issuer or the relevant Legal Title Holders from the Borrower (including all capitalised sums) which is secured or intended to be secured by the related Mortgage comprised in the Portfolio, and includes a new loan which is made as a result of a permitted port.

"Loan Advance" means all of the monies advanced by the Legal Title Holder or a predecessor in title to a Borrower.

"Loan Agreement" means, in relation to a Loan, the loan agreement entered into between the relevant Borrower and the Originators.

"Loan Files" means, in relation to a Loan, the customer file (in paper and/or electronic form) maintained by or on behalf of the Issuer or by its agents on their behalf and, where appropriate, MHA/CP Documentation but excluding the Title Deeds.

"MHA/CP Documentation" means an affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 and/or (as applicable) the Civil Partnership Act 2004 in connection with a Scottish Mortgage or the Scottish Property to which it relates.

"Mortgage" means in the case of land situated in England and Wales or Northern Ireland, a charge by way of legal mortgage and, in the case of land situated in Scotland, a standard security over a Scottish Property, in each case securing a Loan comprised in the Portfolio and all principal sums, interest, costs and other amounts secured or intended to be secured by that legal mortgage, standard security or legal charge.

"Mortgage Conditions" means, in relation to each Loan and the Mortgage relating thereto, the terms and conditions subject to which the Loan and Mortgage are made including, for the avoidance of doubt, the terms

and conditions incorporated into any letter or letters of offer or agreement to make such Loan, and in the case of Scottish Loans and the Scottish Mortgages relating thereto, any deeds of variation subject to which the Scottish Loans and the Scottish Mortgages relating thereto are made.

"Northern Irish Loan" means a Loan secured by a Northern Irish Mortgage.

"Northern Irish Mortgage" means a Mortgage secured over a Property in Northern Ireland.

"Outstanding Principal Balance" means:

- (a) in relation to any Loan and on any day, the aggregate, including any arrears, of:
 - (i) the original principal amount advanced to any relevant Borrower pursuant to the Mortgage Conditions; plus
 - (ii) any disbursement, legal expense, fee, charge or premium in respect of such Loan; plus
 - (iii) any further advance of principal to such Borrower prior to the Closing Date pursuant to the Mortgage Conditions; minus
 - (iv) any repayments or reduction of the amounts specified in sub-paragraphs (i) to (iii) (inclusive) above;

but after completion of any relevant Enforcement Procedures in relation to a Loan, the Outstanding Principal Balance of such Loan will be deemed to be zero;

- (b) in relation to the Mortgage Portfolio and any day, the aggregate of the Outstanding Principal Balances in respect of the Loans comprised in that Portfolio;

"Portfolio" means the Loans listed in the Mortgage Sale Agreement but excluding any Loan and its Related Security which is repurchased by the Seller pursuant to the Mortgage Sale Agreement and no longer beneficially owned by the Issuer.

"Portfolio Cut-Off Date" means 31 July 2020.

"Property" means, in relation to a Loan and its related Mortgage, the freehold or leasehold property situated in England or Wales or the Scottish Property charged or intended to be charged as security for the repayment of such Loan.

"Reasonable, Prudent Residential Mortgage Lender" means a reasonably prudent residential mortgage lender lending to borrowers in England, Wales, Scotland and NI who include buy-to-let borrowers, the self-employed, independent contractors, temporary employees, borrowers who self-certify their income and/or those who may have experienced previous credit problems including borrowers who generally may not satisfy the lending criteria of traditional residential mortgage lenders and to borrowers with similar credit histories as the Borrowers.

"Receiver" means any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Assets by the Security Trustee pursuant to the Deed of Charge.

"Regulated Mortgage Contract" has the meaning given to that term in Article 61(3)(a) of the Regulated Activities Order to the extent that it is a regulated activity for the purposes of FSMA.

"Related Security" means, in relation to a Loan, the Mortgage relating thereto and all other collateral security for, and rights in respect of such Loan including (but not limited to):

- (a) the benefit of all affidavits, declarations, consents, renunciations, waivers and any Deed of Consent, MHA/CP Documentation, deeds of postponement, ranking agreements and any rights against any person or persons in connection with the origination and completion of such Loan and Related Security;
- (b) the benefit of (including notations of interest on) any life policies, life policy assignments, assignments, priority letters, pension policies, deposited, charged, obtained or held in connection with the relevant Loan and Related Security;
- (c) to the extent assignable (without the consent of the relevant counterparty), all causes and rights of action (whether assigned to the Issuer, the Seller, the Legal Title Holder or otherwise) against Valuers, Solicitors, Land Registry of England, Land Registers of Northern Ireland or Registers of Scotland or any other person in connection with any report (including a report on title), Valuation Report, opinion, certificate, consent or other statement of fact or opinion given in connection with the relevant Loan or Related Security; and
- (d) assignments, searches, indemnities and related documentation and any other deed or document providing ancillary security or indemnity for repayment of any sums due from time to time under the relevant Loan.

"Relevant Cut-Off Date" means the ALBA 2006 Cut-Off Date in respect of the ALBA 2006 Loans and the ALBA 2015 Cut-Off Date in respect of the ALBA 2015 Loans, as the context requires.

"Right to Buy Loan" means a Loan in respect of a Property made as at the date of origination in whole or in part to a Borrower for the purpose of enabling that Borrower to finance or refinance the exercise of his right to buy the relevant Property under:

- (a) Part V of the Housing Act 1985 (or section 16 of the Housing Act 1996); or
- (b) Part III of the Housing (Scotland) Act 1987 (as amended).

"Scottish Loan" means a Loan secured by a Scottish Mortgage.

"Scottish Mortgage" means a standard security over a Scottish Property securing a Scottish Loan comprised in the Portfolio.

"Scottish Property" means, in relation to a Scottish Loan and its related Scottish Mortgage, the heritable or long-leasehold property in Scotland mortgaged or charged as security for repayment of such Scottish Loan.

"Solicitors" means a firm of solicitors (or a firm of licensed or qualified conveyancers) selected by the Originators in accordance with the standard practices of the Originators, in the origination of a Loan and its Related Security.

"Solicitors' Instructions" means the instructions from the Originators to its Solicitors in substantially the form of the relevant pro-forma instructions contained in the relevant Standard Documentation;

"Standard Documentation" means the documents set out in Mortgage Sale Agreement which have been used by the Originators from time to time in connection with its activities as lender and on which each Loan and its Related Security comprised in the Portfolio has been granted or is outstanding, and those documents not set out in the Mortgage Sale Agreement but which:

- (a) are in the same form as those used by the Originators but are jointly branded with remote mortgage processors;

- (b) are copies of mortgage application forms which originate from mortgage introducers to the Originators; or
- (c) are special mortgage conditions appropriate for the relevant product specification or are not related to a particular product specification but are such as would be required by the Originators in the circumstances of the particular Loan.

"**Sundry Fees**" means any administration or service fee or third party fee (including, without limitation, legal fees for Litigation) or outgoings and expenses owed in connection with the Loan which is debited to the Loan;

"**Successor**" means, in relation to a Loan and its Related Security, a successor in title to the Originators.

"**Title Deeds**" means, in relation to a Loan, the agreement or agreements for such Loan, the deed constituting the relevant Mortgage and any documents of title to the relevant Property and to the relevant Related Security.

"**Valuation Report**" means the valuation report substantially in the form of the pro-forma report contained in the relevant Standard Documentation and addressed to the Originators from a Valuer in respect of each Property.

"**Valuer**" means an independent valuer (being a fellow or associate of the Royal Institution of Chartered Surveyors).

Governing Law

The Mortgage Sale Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law (other than (i) those terms of the Mortgage Sale Agreement specific to the law of Northern Ireland relating to the Northern Irish Loans and their Related Security which are constituted in accordance with Northern Irish Law and (ii) those terms of the Mortgage Sale Agreement specific to the law of Scotland relating to the Scottish Loans and their Related Security which are constituted in accordance with Scots law).

Deed of Assignment of Legal Title

Transfer of legal title of the ALBA 2006 Loans to the ALBA 2015 Legal Title Holder

Under the Deed of Assignment of Legal Title to be entered into among others, by the Issuer and the ALBA 2006 Legal Title Holder on the Closing Date, the ALBA 2006 Legal Title Holder may agree to sell and assign to Pepper (UK) Limited (a "**New Legal Title Holder**" (subject to the subsisting rights of redemption of the Borrowers) all rights, title, interest and benefit of the ALBA 2006 Legal Title Holder (both present and future) in, to and under the ALBA 2006 Loans and Related Security, for the New Legal Title Holder to hold on bare trust for the Issuer.

Undertakings by the ALBA 2006 Legal Title Holder

The ALBA 2006 Legal Title Holder undertakes to the Issuer that it:

- (a) shall not do or omit to do any act or thing which might, in the reasonable opinion of the Issuer prejudice the interests of the Issuer in the ALBA 2006 Loans;
- (b) shall not create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over the ALBA 2006 Loans or their Related Security (other than such encumbrances or other security interests as arise under or pursuant to the Transaction Documents);

- (c) shall not assign, transfer, sell, lend, lease, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire all or any of the ALBA 2006 Loans or their Related Security or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (d) shall not offer or notify or otherwise enter into any implied or express binding commitment with any Borrower in relation to any proposed Further Advance or agree to any other amendment or modification of the relevant ALBA 2006 Loans other than to the extent required by any requirement of law or regulatory direction, and/or (in respect of Ports and Conversions) in so doing, is acting as a reasonable, prudent residential mortgage lender ;
- (e) shall promptly notify the relevant Servicer and the Issuer in writing if it receives written notice of any litigation or claim calling into question in any material way the relevant ALBA 2006 Legal Title Holder's or the Issuer's title to any relevant ALBA 2006 Loan or its Related Security; and
- (f) shall, if reasonably required to do so by the Issuer (or the relevant Servicer on behalf of the Issuer) and subject to the Issuer indemnifying or securing the ALBA 2006 Legal Title Holder to its reasonable satisfaction against its costs (including VAT), participate or join in any legal proceedings to the extent necessary to protect, preserve and enforce the ALBA 2006 Legal Title Holder's or the Issuer's title to or interest in any relevant ALBA 2006 Loan or its Related Security provided that the ALBA 2006 Legal Title Holder shall not be required to take or refrain from taking any action in relation to this paragraph (f) where to do so in its reasonable opinion would be detrimental to its reputation or commercial interests.

Governing Law

The Deed of Assignment of Legal Title and any non-contractual obligations arising out of or in connection with it will be governed by English law.

ALBA 2006 Servicing Agreement

The ALBA 2006 Servicer is required to administer the ALBA 2006 Loans on behalf of the Issuer and the Security Trustee (to the extent of their respective interests) under the ALBA 2006 Servicing Agreement. The duties of the ALBA 2006 Servicer in respect of the ALBA 2006 Loans include:

- (a) administering the ALBA 2006 Loans and Related Security and other relevant Assigned Rights and all related matters in accordance with the Service Specification and according to the Service Levels as specified in the ALBA 2006 Servicing Agreement;
- (b) employing sufficient properly trained staff to administer the ALBA 2006 Loans in accordance with the Service Specification and according to the Service Levels and to maintain suitable premises and equipment compatible with its obligations under the ALBA 2006 Servicing Agreement; and
- (c) effecting and maintaining the Insurances with a reputable insurer and agreeing to refrain from any actions which would make voidable such Insurances and provide to the Security Trustee and the Issuer, upon request, documentary evidence of the cover provided by the Insurances.

The ALBA 2006 Servicer will be obliged under the ALBA 2006 Servicing Agreement to act upon the instructions of the ALBA 2006 Legal Title Holder in relation to certain aspects of the administration of the ALBA 2006 Loans and the related Mortgages. The ALBA 2006 Legal Title Holder shall exercise such discretion as is vested in it for the purpose of administering the ALBA 2006 Loans as would be exercised by a Reasonable, Prudent Residential Mortgage Lender.

The ALBA 2006 Servicer is entitled to charge a fee for its services under the ALBA 2006 Servicing Agreement, payable on each Interest Payment Date (subject to the relevant Priority of Payments) consisting of a core fee of 0.2247% per annum on the aggregate Current Balance of all ALBA 2006 Loans administered by the ALBA 2006 Servicer under the ALBA 2006 Servicing Agreement together with costs and expenses incurred by the ALBA 2006 Servicer in accordance with the ALBA 2006 Servicing Agreement.

The appointment of HML as ALBA 2006 Servicer may be terminated by the Issuer (with the prior written consent of the Security Trustee) or the Security Trustee upon the occurrence of the following events:

- (a) default is made by the ALBA 2006 Servicer in the performance or observance of any of its covenants and obligations under the ALBA 2006 Servicing Agreement which, in the opinion of the Security Trustee, is materially prejudicial to the interests of the Noteholders and which, in the case of a default that is remediable, continues unremedied for a period of 15 days after written notice by the Security Trustee requiring the same to be remedied;
- (b) an order is made or an effective resolution passed for winding up the ALBA 2006 Servicer;
- (c) the ALBA 2006 Servicer ceases or threatens to cease to carry on its business or a substantial part of its business or stops payment or threatens to stop payment of any amounts due to its creditors generally or is deemed unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986 or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or otherwise becomes insolvent;
- (d) a petition is presented, or a resolution is duly passed or other steps taken or any order is made by any competent court for or towards the winding up or dissolution of the ALBA 2006 Servicer (other than any petition which is frivolous or vexatious and is not withdrawn within five Business Days and other than in the case of a reorganisation the terms of which have been approved by the Security Trustee and where the ALBA 2006 Servicer demonstrates to the satisfaction of the Security Trustee that it is solvent) or a petition is presented, an order is made or documents are filed with the court for the appointment of, or there is appointed, an administrative or other receiver, liquidator, trustee, manager, administrator (or there is service of a notice of intention to appoint an administrator or such appointment takes effect) or other similar official in relation to the ALBA 2006 Servicer or in relation to the whole or any substantial part of the undertaking or assets of the ALBA 2006 Servicer or an encumbrancer takes possession of the whole or any substantial part of the undertaking or assets of the ALBA 2006 Servicer, or a distress, execution or diligence or other process is levied or enforced upon or sued against the whole or any substantial part of the undertaking or assets of the ALBA 2006 Servicer and in any of the foregoing cases it shall not be discharged within 15 days;
- (e) a moratorium in respect of all or any of the debts of the ALBA 2006 Servicer or any other similar proceedings or arrangements by which the assets of the ALBA 2006 Servicer are submitted to the control of its creditors is applied for, ordered or declared or if the ALBA 2006 Servicer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally or takes steps with a view to obtaining a moratorium in respect of any indebtedness; or
- (f) an Enforcement Notice is given and the Security Trustee is of the opinion that the continuation of the appointment of the ALBA 2006 Servicer is materially prejudicial to the interests of the Noteholders.

HML may be replaced as the ALBA 2006 Servicer

Pepper (UK) Limited may be appointed as the substitute ALBA 2006 Servicer by the Issuer to replace HML provided that Pepper (UK) Limited enters into a replacement servicing agreement substantially on the same

terms as the relevant provisions of the ALBA 2015 Servicing Agreement (and HML shall not be released from its obligations under the relevant provisions of the ALBA 2006 Servicing Agreement until such substitute has entered into such new agreement).

Governing Law

The ALBA 2006 Servicing Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

ALBA 2015 Servicing Agreement

Introduction

The Issuer, the Security Trustee, the Back-Up Servicer Facilitator, the ALBA 2015 Legal Title Holder and the ALBA 2015 Servicer (amongst others) entered into, on or around the Closing Date, an agreement pursuant to which the ALBA 2015 Servicer agrees to service the ALBA 2015 Loans and their Related Security and to hold legal title to the Loans and their Related Security in its capacity as ALBA 2015 Legal Title Holder (the "**ALBA 2015 Servicing Agreement**"). The services to be provided by the ALBA 2015 Servicer are set out in the ALBA 2015 Servicing Agreement, and may include any services incidental thereto as may be agreed to in writing by the Issuer, the ALBA 2015 Legal Title Holder, the Security Trustee and the ALBA 2015 Servicer (the "**Services**").

On or about the Closing Date, the ALBA 2015 Servicer will be appointed by the Issuer and, as applicable, the ALBA 2015 Legal Title Holder (including in its capacity as a trustee of the trust declared and created by the Scottish Declaration of Trust (the "**Scottish Trust**")) to be its agent to service the ALBA 2015 Loans and their Related Security. The ALBA 2015 Servicer must comply with any proper directions and instructions that the Issuer or, following the Security Trustee notifying the ALBA 2015 Servicer that an Enforcement Notice has been served, the Security Trustee may from time to time give to it in accordance with the provisions of the ALBA 2015 Servicing Agreement.

The ALBA 2015 Servicer's actions in servicing the ALBA 2015 Loans and their Related Security in accordance with the terms of the ALBA 2015 Servicing Agreement (including the procedures of the ALBA 2015 Servicer set out therein) are binding on the Issuer.

Appointment

The ALBA 2015 Servicer will be appointed:

- (a) to, in accordance with the service specification, administer and manage the ALBA 2015 Loans in accordance with the applicable provisions of the FSMA and provide the services set out in the ALBA 2015 Servicing Agreement in relation to the ALBA 2015 Loans and their Related Security sold by the Seller to the Issuer;
- (b) to act as lender of record on behalf of the Issuer and to exercise the Issuer's and the ALBA 2015 Legal Title Holder's rights, powers and discretions under and in relation to the ALBA 2015 Loans and their Related Security; and
- (c) to perform the other management and administration services imposed on the ALBA 2015 Servicer by the ALBA 2015 Servicing Agreement.

Undertakings by the ALBA 2015 Servicer

The ALBA 2015 Servicer has undertaken, among other things, to:

- (a) ensure all ALBA 2015 Loans and other Related Security are designated in the computer and other records of the ALBA 2015 Servicer as being legally and beneficially owned by the Issuer (with legal title being held on trust by the ALBA 2015 Legal Title Holder);
- (b) devote such amount of time and attention to, and exercise such level of skill, care and diligence to the performance of, the Services as would a Reasonable, Prudent Residential Mortgage Servicer;
- (c) comply with any proper directions, orders and instructions which the Issuer or the Security Trustee may from time to time give to it in accordance with the provisions of the ALBA 2015 Servicing Agreement;
- (d) maintain in working order the information technology systems used by the ALBA 2015 Servicer in providing the Services;
- (e) keep in force all licences, approvals, authorisations, consents, permissions and registrations required by the ALBA 2015 Servicer in connection with the performance of the Services (including under the FSMA);
- (f) not fail to comply with any legal or regulatory requirements relating to the performance of the Services including, without limitation any rules of the FCA;
- (g) make all payments required to be made by it pursuant to the ALBA 2015 Servicing Agreement on the due date for payments thereof in Sterling in immediately available funds for value on such day without set-off (including, without limitation, in respect of any fees owed to it) or counterclaim but subject to any deductions required by law;
- (h) without prejudice to the right of the ALBA 2015 Servicer to terminate the ALBA 2015 Servicing Agreement in accordance with its terms, not without the prior written consent of the Security Trustee amend or terminate any of the Transaction Documents to which it is a party; and
- (i) provide the Issuer and the Security Trustee on written request with a copy of any final judgment received by the ALBA 2015 Servicer from any court or other competent authority or any ombudsman or regulator in relation to any ALBA 2015 Loan and its Related Security to the extent it is the subject of any litigation other than within the ordinary course of mortgage administration and enforcement.

Setting of Interest Rates on the ALBA 2015 Loans

Each of the Issuer and the ALBA 2015 Legal Title Holder grants the ALBA 2015 Servicer full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, applicable law and as a prudent mortgage servicer, to determine and set in relation to the SVR ALBA 2015 Loans, the Standard Variable Rates applicable in relation to the SVR ALBA 2015 Loans, in line with changes in the Bank of England Base Rate.

Further Advances and Porting

The ALBA 2015 Servicer, as ALBA 2015 Legal Title Holder, will undertake that if the ALBA 2015 Servicer receives an application from a Borrower requesting a Further Advance or a Port, it shall not agree to grant a Further Advance or a Port on behalf of the Issuer.

Operation of ALBA 2015 Collection Account

The ALBA 2015 Servicer will undertake to operate the ALBA 2015 collection account, opened in the name of the ALBA 2015 Legal Title Holder with the ALBA 2015 Collection Account Bank, in accordance with the terms of the Collection Account Declaration of Trust and the ALBA 2015 Collection Account Agreement (as to which, see "*The ALBA 2015 Collection Account Agreement*").

Replacement of ALBA 2015 Collection Account Bank

If the ALBA 2015 Collection Account Bank fails to maintain ratings at least equal to the Collection Account Bank Ratings, the ALBA 2015 Servicer shall on behalf of, and at the sole cost and expense of, the Issuer, instruct Pepper (UK) Limited (acting in its capacity as the Collection Account Trustee pursuant to the ALBA 2015 Collection Account Agreement) to:

- (a) terminate the appointment of the ALBA 2015 Collection Account Bank in accordance with the ALBA 2015 Collection Account Agreement and use commercially reasonable efforts to procure that the funds standing to the credit of the ALBA 2015 collection account are promptly transferred from the ALBA 2015 collection account and placed on deposit on terms the same or substantially the same (*mutatis mutandis*) as the ALBA 2015 Collection Account Agreement with an institution:
 - (i) that maintains ratings at least equal to the Collection Account Bank Ratings;
 - (ii) that is a bank for the purposes of section 991 of the Income Tax Act 2007 and payments of interest are made in the ordinary course of its business within the meaning of section 878 of the Income Tax Act 2007; and
 - (iii) that is an institution authorised to carry on banking business including accepting deposits under the FSMA; or
- (b) obtain a guarantee of the ALBA 2015 Collection Account Bank's obligations under the ALBA 2015 Collection Account Agreement from a bank with ratings at least equal to the Collection Account Bank Ratings,

provided that such transfer and replacement is required to take place within 60 calendar days of the ALBA 2015 Collection Account Bank ceasing to have the Collection Account Bank Rating.

Termination of the appointment of the ALBA 2015 Servicer

The Issuer or (following the service of an Enforcement Notice) the Security Trustee may at once or at any time thereafter while such default continues, by notice in writing to the ALBA 2015 Servicer (with a copy to the Security Trustee or the Issuer (as applicable)), terminate the ALBA 2015 Servicer's appointment under the ALBA 2015 Servicing Agreement if any of the following events (each a "**Servicer Termination Event**") occurs and is continuing:

- (a) default is made by the ALBA 2015 Servicer in the payments on the due date of any payments due and payable by it under the ALBA 2015 Servicing Agreement and such default continues unremedied for a period of five Business Days after the earlier of the Servicer becoming aware of such default and receipt by the ALBA 2015 Servicer of written notice from the Issuer or, following the delivery of an Enforcement Notice, the Security Trustee requiring the default to be remedied;
- (b) default is made by the ALBA 2015 Servicer in the performance or observance of any of its other covenants and obligations under the ALBA 2015 Servicing Agreement, and in the reasonable opinion of the Issuer (prior to the delivery of an Enforcement Notice) or the reasonable opinion of the Security Trustee (after the delivery of an Enforcement Notice) such default is materially

prejudicial to the interests of the Noteholders (which determinations shall be conclusive and binding on all other Secured Creditors) and such default continues unremedied for a period of 20 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the ALBA 2015 Servicer of written notice from the Issuer or, following the delivery of an Enforcement Notice, the Security Trustee requiring the default to be remedied;

- (c) the ALBA 2015 Servicer ceasing to be an authorised person under the FSMA or the revocation of an applicable licence, registration or regulatory permission held by it required to perform the Services, other than as a result of or arising out of a Change in applicable law; or
- (d) the occurrence of an Insolvency Event in respect of the ALBA 2015 Servicer or the ALBA 2015 Servicer becomes subject to Insolvency Proceedings.

The Issuer and the Back-Up Servicer Facilitator shall use its reasonable endeavours to appoint a successor ALBA 2015 Servicer.

The termination of the appointment of the ALBA 2015 Servicer shall take effect on the later of:

- (a) the date specified in the relevant termination notice;
- (b) the date on which legal title to the ALBA 2015 Loans and Related Security have been transferred to the relevant legal title transferee in accordance with the ALBA 2015 Servicing Agreement following delivery of the relevant termination notice; and
- (c) the date on which the Issuer has appointed a successor servicer in accordance with the ALBA 2015 Servicing Agreement.

The ALBA 2015 Servicing Agreement may also be terminated by any of the parties to the ALBA 2015 Servicing Agreement after the occurrence of a Change in Applicable Law upon giving 120 days' written notice to the other parties to the ALBA 2015 Servicing Agreement or such shorter notice period that is reasonably practicable under the circumstances, provided that the parties may terminate the ALBA 2015 Servicing Agreement upon the occurrence of a Change in Applicable Law only if, having used commercially reasonable endeavours, they are unable to reach an agreement in relation to appropriate terms in light of the Change in Applicable Law, or mitigate or avoid the effects or application of the Change in Applicable Law, to the satisfaction of all the parties to the ALBA 2015 Servicing Agreement, and that failure to reach an agreement as to appropriate terms or failure to mitigate the effects of the Change in Applicable Law to the satisfaction of all the parties to the ALBA 2015 Servicing Agreement shall not constitute a default or breach by any party to the ALBA 2015 Servicing Agreement in the performance or observance of any of its covenants and obligations under the ALBA 2015 Servicing Agreement

"Change in Applicable Law" means a change of any law or regulation applicable to any of the parties to the ALBA 2015 Servicing Agreement or any other event outside the reasonable control of the parties occurring after the Closing Date which (i) renders the performance of the Services or the performance of any of the obligations of any of the other parties under the ALBA 2015 Servicing Agreement, unlawful or illegal or (ii) as to a termination by the ALBA 2015 Servicer, results in the loss of all or any requisite licenses or authorisations to be maintained by the ALBA 2015 Servicer or (iii) as to a termination by the ALBA 2015 Servicer, imposes additional licensing or regulatory requirements on the ALBA 2015 Servicer, which requirements the ALBA 2015 Servicer will not, on or before the date on which the ALBA 2015 Servicer is required to have such licenses or requirements in place, comply with in connection with the ALBA 2015 Loans or any other Loans which it services or otherwise administers for third party clients on substantially similar terms to the terms of the ALBA 2015 Servicing Agreement.

Voluntary Resignation

The ALBA 2015 Servicer may voluntarily resign by giving not less than twelve months' written notice to the Security Trustee and the Issuer (or such shorter time as may be agreed between the ALBA 2015 Servicer, the Issuer and the Security Trustee), provided that, *inter alia*: (i) such resignation is consented to in writing by the Issuer and the Security Trustee ; (ii) a substitute servicer shall be appointed who has experience of administering and managing ALBA 2015 Loans secured on residential properties in England and Wales, Scotland and Northern Ireland; (iii) such substitute servicer enters into a servicing agreement with the Issuer and the Security Trustee on terms substantially the same as the ALBA 2015 Servicing Agreement, and at fees which are consistent with those payable generally at the relevant time for the provision of loan administration and management services; and (iv) (if Rated Notes remain outstanding) the then current ratings of the Rated Notes are not adversely affected as a result thereof.

The ALBA 2015 Servicer may also voluntarily resign by giving notice in writing to the Issuer (with a copy to the Security Trustee) if any of the following events (each an "**ALBA 2015 Servicer Resignation Event**") occurs and is continuing:

- (a) the Issuer fails to pay the fees or any other amounts due and payable by it to the ALBA 2015 Servicer under the ALBA 2015 Servicing Agreement and that failure remains unremedied for a period of 90 days from the date such payment is due;
- (b) the Issuer fails in the performance or observance of any of its other covenants and obligations under the ALBA 2015 Servicing Agreement and in the reasonable opinion of the ALBA 2015 Servicer that failure causes a material adverse effect on any of:
 - (i) the performance of the Services;
 - (ii) the ability of the ALBA 2015 Servicer to fulfil its general corporate obligations or its regulatory or statutory obligations; or
 - (iii) the Servicer's reputation, or its economic or financial interests,

and it remains unremedied for a period of 20 Business Days after the earlier of the Issuer becoming aware of such default and receipt by the Issuer of written notice from the Servicer requiring the default to be remedied, provided that where an obligation or covenant is required to be performed by a third party on behalf of the Issuer, default by such third party in the performance of such obligations shall not constitute a ALBA 2015 Servicer Resignation Event;

- (c) an Insolvency Event is continuing in respect of the Issuer.

The termination will be effective from the later of: (i) the date specified in the termination notice; and (ii) the earlier of (x) the expiry of 120 days from the date the notice of termination has been given to the Issuer and the Security Trustee by the ALBA 2015 Servicer and (y) the appointment by the Issuer of the substitute servicer.

Scheduled termination of the appointment of the ALBA 2015 Servicer

The ALBA 2015 Servicing Agreement will terminate at such time as the Issuer has no further interest in any Loans or their Related Security and all indebtedness of the Issuer has been repaid in full.

Delivery of documents and records

If the appointment of the ALBA 2015 Servicer is terminated or the ALBA 2015 Servicer resigns and provided that the ALBA 2015 Servicer has transferred legal title to the ALBA 2015 Loans and Related

Security in accordance with the ALBA 2015 Servicing Agreement, the ALBA 2015 Servicer must deliver to the Issuer (or as the Issuer shall direct), *inter alia*, the Title Deeds and Loan Files relating to the ALBA 2015 Loans and their Related Security in its possession.

Enforcement Procedures

The ALBA 2015 Servicer will, in relation to any default by any Borrower under or in connection with a ALBA 2015 Loan or its Related Security, comply with the Enforcement Procedures contained in the service specification or, to the extent that the Enforcement Procedures are not applicable having regard to the nature of the default in question, comply with the usual procedures undertaken by a Reasonable, Prudent Residential Mortgage Servicer in connection with defaults of a similar nature provided that:

- (a) the ALBA 2015 Servicer shall only become obliged to comply with the Enforcement Procedures (to the extent applicable) or to take action as aforesaid after it has become aware of the default;
- (b) it is acknowledged by the Issuer that mortgage lenders generally exercise discretion in pursuing their respective enforcement procedures and that the ALBA 2015 Servicer may exercise such discretion as would a Reasonable, Prudent Residential Mortgage Servicer in applying the Enforcement Procedures to any particular defaulting Borrower or in taking action as aforesaid; and
- (c) in any case where the title and local search indemnity policies require exact compliance with certain enforcement procedures, the ALBA 2015 Servicer shall procure the prior written consent of the relevant company for any deviation by the ALBA 2015 Servicer from such enforcement procedures.

The ALBA 2015 Servicer shall procure that if, upon completion of the Enforcement Procedures, an amount in excess of all sums due from the relevant Borrower under the relevant ALBA 2015 Loan and its Related Security is recovered or received, the balance, after discharge of all sums due from that Borrower under the relevant ALBA 2015 Loan and its Related Security, is paid to the relevant Borrower or the person or persons entitled thereto or, if such person cannot be found, is paid into court.

Issuer's Liability

The Issuer shall at all times indemnify and hold the ALBA 2015 Servicer harmless against any liability (including any indirect loss but excluding any liability to tax) incurred by the ALBA 2015 Servicer arising out of, *inter alia*, holding legal title to and/or being the lender of record in respect of the ALBA 2015 Loans and their Related Security, any act or omission of any originator or prior servicer providing mortgage administration or similar services to a ALBA 2015 Loan and/or its Related Security other than any liability arising as a result of the Gross Negligence, fraud or wilful default of the ALBA 2015 Servicer or breach by the ALBA 2015 Servicer in performing of its material obligations under the ALBA 2015 Servicing Agreement.

The Issuer shall also at all times indemnify and hold the ALBA 2015 Legal Title Holder harmless against any liability of the ALBA 2015 Legal Title Holder to pay an amount of United Kingdom tax where such tax arises as a result of, or which is attributable to, revenues from the Portfolio which for United Kingdom tax purposes are treated as arising to the ALBA 2015 Legal Title Holder as a result of it holding legal title to the Loans and Related Security; and/or any material VAT impact to the partial exemption ratio of the ALBA 2015 Legal Title Holder or the VAT group of which it is a member as a result of the VAT exempt status of fees incurred or interest income in relation to the Portfolio which are deemed to be fees incurred by or income of (as applicable) the ALBA 2015 Legal Title Holder as a result of it holding legal title to the ALBA 2015 Loans and Related Security, in each case, other than any United Kingdom tax or VAT which arises as a result of the Gross Negligence, fraud or wilful default or misconduct of the ALBA 2015 Legal Title Holder or breach by the ALBA 2015 Legal Title Holder in performing its obligations under the ALBA 2015 Servicing Agreement.

"**Gross Negligence**" means any act or omission of a party (the "**Defaulting Party**") which falls below the level of care and skill that could reasonably be expected of a prudent party, in circumstances where that act, conduct or omission (as applicable) also shows a deliberate and/or manifestly careless or reckless disregard of potential consequences of such act or omission on the interests of the non-Defaulting Party and could reasonably be expected to cause significant prejudice to the interests of the non-Defaulting Party.

Limit to ALBA 2015 Servicer's Liability

Except in respect of:

- (a) the ALBA 2015 Servicer's fraud, Gross Negligence or wilful default in the performance of its obligations under the Servicing Agreement; or
- (b) any sum which the ALBA 2015 Servicer holds or should hold on trust for the Issuer and for which the ALBA 2015 Servicer fails to account to the Issuer,

the aggregate liability of the Servicer arising out of or in connection with the Transaction Documents, whether arising in contract, tort (including negligence) or otherwise shall be limited to £6,000,000 in aggregate and £1,500,000 on an annual basis.

In no event shall the Servicer be liable for any indirect or consequential loss or damage (including any loss of revenue, profits, goodwill or business), whether in contract, tort (including negligence) or otherwise.

Governing Law

The ALBA 2015 Servicing Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law (other than those terms of the ALBA 2015 Servicing Agreement specific to the law of Scotland relating to the Scottish Loans and their Related Security (including the Scottish Declaration of Trust) which are governed by and/or construed in accordance with Scots law).

Deed of Charge

On the Closing Date, the Issuer will enter into the Deed of Charge with, *inter alios*, the Security Trustee.

Security

Under the terms of the Deed of Charge, the Issuer will provide the Security Trustee with the benefit of, *inter alia*, the following security (the "**Security**") as trustee for itself and for the benefit of the Secured Creditors (including the Noteholders and the Certificateholders):

- (a) an assignment by way of security of (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, to and under the Transaction Documents (other than the Trust Deed, the Deed of Charge, the Scottish Declaration of Trust and the Scottish Trust Security) and any sums derived therefrom;
- (b) an assignment by way of security of (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) the Issuer's interest in the English Loans, the Northern Irish Loans and their respective Related Security and other related rights comprised in the Portfolio (other than in respect of Scottish Loans) and any sums derived therefrom;
- (c) an assignment by way of security of (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, to and under Insurance Policies assigned to the Issuer pursuant to the Mortgage Sale Agreement;

- (d) an assignation in security of the Issuer's interest in the Scottish Loans and their Related Security (comprising the Issuer's beneficial interest under the trust declared by the ALBA 2015 Legal Title Holder over such Scottish Loans and their Related Security for the benefit of the Issuer pursuant to the Scottish Declaration of Trust) (the "**Scottish Trust Security**");
- (e) a charge by way of first fixed charge over the Issuer's interest in its bank accounts (including the Deposit Account) maintained with the Issuer Account Bank and any other bank or custodian and any sums or securities standing to the credit thereof;
- (f) an assignment by way of first fixed security (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit under each Collection Account trust (created pursuant to the Collection Account Declaration of Trust); and
- (g) a floating charge over all assets of the Issuer not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security (other than paragraph (d) above), but (for the avoidance of doubt) including over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not such assets are the subject of the charges or Security referred to above).

"**Secured Creditors**" means the Security Trustee, any Receiver appointed by the Security Trustee pursuant to the Deed of Charge, the Note Trustee, the Noteholders, the Certificateholders, the Seller, the ALBA 2006 Legal Title Holder, the ALBA 2015 Legal Title Holder, the ALBA 2006 Servicer, the ALBA 2015 Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Issuer Account Bank, the ALBA 2006 Collection Account Bank, the ALBA 2015 Collection Account Bank, the Corporate Services Provider, the Paying Agents, the Registrar, the Agent Bank and any other person who is expressed in any deed supplemental to the Deed of Charge to be a secured creditor.

"**Transaction Documents**" means:

- (a) the ALBA 2006 Servicing Agreement;
- (b) the ALBA 2015 Servicing Agreement;
- (c) any replacement servicing agreement;
- (d) the Agency Agreement;
- (e) the Bank Account Agreement;
- (f) the ALBA 2006 Collection Account Agreement;
- (g) the ALBA 2015 Collection Account Agreement;
- (h) the Deed of Assignment of Legal Title;
- (i) the Cash Management Agreement;
- (j) the Corporate Services Agreement;
- (k) the Deed of Charge;
- (l) any Scottish Trust Security;
- (m) a share trust deed dated 31 July 2020 (the "**Share Trust Deed**");

- (n) the power of attorney granted by the Issuer in favour of the Security Trustee under the Deed of Charge (the "**Issuer Power of Attorney**");
- (o) the Master Definitions and Construction Schedule;
- (p) the Mortgage Sale Agreement;
- (q) a risk retention letter between, amongst others, the Retention Holder, the Seller and the Security Trustee dated on or about the Closing Date (the "**Risk Retention Letter**");
- (r) the Scottish Declaration of Trust;
- (s) the powers of attorney granted by the ALBA 2006 Legal Title Holder and the ALBA 2015 Legal Title Holder in favour of the Issuer and the Security Trustee on the Closing Date (the "**ALBA 2006 Legal Title Holder Power of Attorney**" and "**ALBA 2015 Legal Title Holder Power of Attorney**" respectively);
- (t) the powers of attorney granted by the Issuer in favour of the ALBA 2006 Servicer and ALBA 2015 Servicer on the Closing Date (the "**ALBA 2006 Servicer Power of Attorney**" and "**ALBA 2015 Servicer Power of Attorney**" respectively);
- (u) the powers of attorney granted on the Closing Date by the ALBA 2006 Legal Title Holder and the ALBA 2015 Legal Title Holder in favour of, respectively, the ALBA 2006 Servicer (the "**ALBA 2006 Legal Title Holder Servicer Power of Attorney**" and the ALBA 2015 Servicer, and "**ALBA 2015 Legal Title Holder Servicer Power of Attorney**" respectively);
- (v) the Trust Deed;
- (w) the Deed Poll;
- (x) the Deed of Covenant;
- (y) any fee letter between any of the Transaction Parties relating to any of the Transaction Documents including without limitation the fee letter relating to the remuneration of the Legal Title Holders; and
- (z) such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes and/or the Residual Certificates.

The floating charge created by the Deed of Charge may "crystallise" and become a fixed charge over the relevant class of assets owned by the Issuer at the time of crystallisation. Crystallisation will occur automatically (subject to applicable law) following the occurrence of specific events set out in the Deed of Charge, including, among other events, service of an Enforcement Notice, except in relation to the Issuer's Scottish assets, where crystallisation will occur on the appointment of an administrative receiver or receiver or upon commencement of the winding-up of the Issuer. A crystallised floating charge will rank ahead of the claims of unsecured creditors which are in excess of the prescribed part but will rank behind the expenses of any administration or liquidator, the claims of preferential creditors and the beneficiaries of the prescribed part on enforcement of the Security.

Pre-Enforcement Revenue Priority of Payments and Pre-Enforcement Redemption Priority of Payments

Prior to the Note Trustee serving an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) or Residual Certificates Condition 10 (*Events of Default*), declaring the Notes to be immediately due and payable, the Cash Manager (on behalf of the Issuer) shall apply monies standing to the credit of the Deposit Account as described in "*Cashflows – Application of Available Revenue Receipts prior to the service*

of an Enforcement Notice on the Issuer", "Cashflows – Application of Available Redemption Receipts prior to the service of an Enforcement Notice on the Issuer" and "Cashflows – Application of Monies released from the Liquidity Reserve Fund".

On the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date, the Risk Retention Regulatory Change Option Date, the Market Sale Date or the Refinancing Call Option Date, the Cash Manager (on behalf of the Issuer) shall apply certain monies standing to the credit of the Deposit Account in accordance with the Post-Enforcement Priority of Payments defined in "*Cashflows – Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer*".

Post-Enforcement Priority of Payments

Pursuant to Condition 11 (*Events of Default*) or Residual Certificates Condition 10 (*Events of Default*), the Note Trustee at its absolute discretion may, and if so directed in writing by (a) the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or (b) by the holders of at least 25 per cent. of the Residual Certificates in number or if so directed by an Extraordinary Resolution of the Certificateholders, shall, (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed) serve an Enforcement Notice on the Issuer if an Event of Default has occurred.

After the Note Trustee has served an Enforcement Notice on the Issuer, the Security Trustee (or the Cash Manager on its behalf) or any Receiver appointed by it shall apply the monies standing to the credit of the Deposit Account in accordance with the Post-Enforcement Priority of Payments defined in "*Cashflows – Distributions following the service of an Enforcement Notice on the Issuer*".

If an Enforcement Notice has been served on the Issuer pursuant to Condition 11 (*Events of Default*) or Residual Certificates Condition 10 (*Events of Default*) otherwise than by reason of a default in payment of any amount due on the Notes, the Security Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless either (a) a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the Noteholders (and all persons ranking in priority to the Noteholders as set out in the Post-Enforcement Priority of Payments) or (b) the Security Trustee is of the opinion that the cash flow expected to be received by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders (and all persons ranking in priority to the Noteholders in the order of priority set out in the Post-Enforcement Priority of Payments), which opinion shall be binding on the Secured Creditors and reached after considering at any time and from time to time the advice of any financial adviser (or such other professional adviser selected by the Security Trustee for the purpose of giving such advice).

The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer in accordance with the applicable Priority of Payments. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to above without further enquiry and shall incur no liability to any person for so doing.

Governing Law

The Deed of Charge and any non-contractual obligations arising out of or in connection with it will be governed by English law (save that aspects relating to Scottish Loans and their Related Security and Northern Irish Loans and their Related Security will be construed in accordance with Scots law and Northern Irish law respectively, and the Scottish Declaration of Trust and the Scottish Trust Security will be governed by Scots law).

Trust Deed

On or about the Closing Date, the Issuer, the Security Trustee and the Note Trustee will enter into the Trust Deed pursuant to which the Issuer and the Note Trustee will agree that the Notes and the Residual Certificates are subject to the provisions in the Trust Deed. The Conditions and the Residual Certificates Conditions and the forms of each Class of Notes and the Residual Certificates are each constituted by, and set out in, the Trust Deed.

The Note Trustee will agree to hold the benefit of the Issuer's covenant to pay amounts due in respect of the Notes and the Residual Certificates on trust for the Noteholders and the Certificateholders.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Note Trustee for its services under the Trust Deed at the rate and times agreed between the Issuer and the Note Trustee (exclusive of VAT) together with payment of any liabilities incurred by the Note Trustee in relation to the Note Trustee's performance of its obligations under or in connection with the Trust Deed and the other Transaction Documents.

Retirement of Note Trustee

The Note Trustee may retire at any time upon giving not less than 60 days' notice in writing to the Issuer without giving any reason therefor and without being responsible for any liabilities occasioned by such retirement. The holders of the Most Senior Class of Notes then outstanding (or, if no Notes remain outstanding, the Certificateholders) may, by Extraordinary Resolution, remove all trustees (but not some only) for the time being who are acting pursuant to the Trust Deed and the Deed of Charge. The retirement of the Note Trustee shall not become effective unless there remains a trust corporation entitled by rules made under the Public Trustee Act 1906 to carry out the functions of a custodian trustee (a "**Trust Corporation**") in office after such retirement or removal by Extraordinary Resolution. The Issuer will agree in the Trust Deed that, in the event of the sole trustee or the only trustee under the Trust Deed giving notice of its retirement, it shall use its best endeavours to procure a new trustee to be appointed as soon as practicable thereafter and if, after 60 days from the date the Note Trustee gives its notice of retirement or the applicable Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding, the Issuer is not able to find such replacement, the Note Trustee will be entitled to procure that a new trustee be appointed but no such appointment shall take effect unless previously approved by Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding.

Governing Law

The Trust Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Agency Agreement

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or prior to the Closing Date and made between the Issuer, the Note Trustee, the Security Trustee, the Principal Paying Agent, the Registrar and the Agent Bank, provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

Governing Law

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

Cash Management Agreement

On the Closing Date, the Cash Manager, the Issuer and the Security Trustee will enter into a cash management agreement (the "**Cash Management Agreement**").

Cash Management Services to be provided to the Issuer

Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer or, upon the Security Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer, the Security Trustee. The Cash Manager's principal function will be to (i) calculate the amount of Available Revenue Receipts and Available Redemption Receipts available for application on the immediately following Interest Payment Date, together with (on or prior to the Class D Note Redemption Date and without double counting) any amounts standing to the credit of the Liquidity Reserve Fund to be applied in relation to a Revenue Deficit on such Interest Payment Date; and (ii) effecting payments to and from the Deposit Account. In addition, the Cash Manager will, among other things, perform the following:

- (a) on each Calculation Date, determine if there would be a Revenue Deficit following the application of Available Revenue Receipts on the immediately following Interest Payment Date;
- (b) on each Calculation Date, determine if each or any of the Liquidity Availability Conditions are satisfied;
- (c) on each Calculation Date, in respect of each Interest Payment Date falling prior to the Class D Note Redemption Date or the Optional Redemption Date, whichever is earlier, determine the Liquidity Reserve Fund Required Amount;
- (d) on each Calculation Date, determine if the immediately following Interest Payment Date shall be the Class D Note Redemption Date or the Final Redemption Date;
- (e) calculate on each Calculation Date (prior to service of an Enforcement Notice) the amount of Available Revenue Receipts, Available Redemption Receipts and (subject to the satisfaction of the relevant Liquidity Availability Conditions) any Principal Addition Amounts to be applied on the immediately following Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Redemption Priority of Payments (as applicable);
- (f) calculate on each Calculation Date (prior to the Class D Note Redemption Date, the Optional Redemption Date or the service of an Enforcement Notice) the amount of any Liquidity Reserve Fund Drawings to be applied on the immediately following Interest Payment Date;
- (g) calculate on each Interest Payment Date on and after the Optional Redemption Date, the amount of Available Revenue Receipts to be applied as Available Redemption Receipts in accordance with item (s) of the Pre-Enforcement Revenue Priority of Payments;
- (h) on each Interest Payment Date, prior to the delivery of an Enforcement Notice, apply, or cause to be applied, Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments (including, for the avoidance of doubt, Principal Addition Amounts) and, prior to the Class D Note Redemption Date or the Optional Redemption Date, whichever is earlier, (subject to the satisfaction of the relevant Liquidity Availability Conditions) any Liquidity Reserve Fund Drawings to be applied in meeting any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments;

- (i) record credits and debits on the Ledgers, as and when required;
- (j) if required (i) during a Determination Period, calculate the Interest Determination Ratio; and (ii) following any Determination Period, upon receipt by the Cash Manager of the Servicer Reports in respect of such Determination Period, reconcile the calculations to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amounts in accordance with the Cash Management Agreement;
- (k) on each Business Day, prior to delivery of an Enforcement Notice, apply or cause to be applied Available Revenue Receipts in accordance with the Cash Management Agreement;
- (l) on each Calculation Date, review the balances of the Deposit Account pursuant to the Cash Management Agreement;
- (m) operate the Deposit Account and any additional accounts; and
- (n) transfer all Optional Purchase Collections, Risk Retention Regulatory Change Option Collections or Market Sale Collections to or for the account of the Beneficial Title Transferee or Winning Bidder, as applicable, as soon as reasonably practicable following the Optional Purchase Completion Date, the Risk Retention Regulatory Change Option Date or the Market Sale Date, as applicable.

In addition, the Cash Manager will also:

- (a) maintain the following ledgers (the "**Ledgers**") on behalf of the Issuer:
 - (i) the "**Redemption Ledger**", which will record all Redemption Receipts received by the Issuer and the distribution of the Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments or the Post-Enforcement Priority of Payments (as applicable);
 - (ii) the "**Revenue Ledger**", which will record all Revenue Receipts, amounts retained in the Deposit Account in accordance with item (t) of the Pre-Enforcement Revenue Priority of Payments and the distribution of the Revenue Receipts recorded on the Revenue Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable) or by way of Third Party Amounts;
 - (iii) the "**Liquidity Reserve Fund Ledger**", which will record amounts credited to, and debited from, the Liquidity Reserve Fund. The Liquidity Reserve Fund will be credited with part of the proceeds of the issuance of the Class Z2 Notes on the Closing Date up to the Liquidity Reserve Fund Required Amount. Thereafter, on each Interest Payment Date (prior to the Class D Note Redemption Date, the Optional Redemption Date, or the service of an Enforcement Notice, whichever is earlier), Available Redemption Receipts shall be applied at item (b) of the Pre-Enforcement Redemption Priority of Payments to replenish the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount to the extent that funds are available for such purpose in accordance with the Pre-Enforcement Redemption Priority of Payments;
 - (iv) Prior to the Class D Note Redemption Date or the Optional Redemption Date or the Final Redemption Date, whichever is earlier, any amount standing to the Liquidity Reserve Fund, subject to the Liquidity Availability Conditions, shall be available to be applied directly as Liquidity Reserve Fund Drawings toward any Revenue Deficit determined by the Cash Manager on the immediately preceding Calculation Date (for the avoidance of doubt, after having applied Available Revenue Receipts pursuant to the provisions of the Pre-

Enforcement Revenue Priority of Payments). Any such Liquidity Reserve Fund Drawings shall be debited by the Cash Manager on the Liquidity Reserve Fund Ledger;

- (v) On the Class D Note Redemption Date, the Optional Redemption Date and the Final Redemption Date, whichever is earlier, all amounts standing to the credit of the Liquidity Reserve Fund Ledger will be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments (see "*Credit Structure – Liquidity Reserve Fund and Liquidity Reserve Fund Ledger*");
- (vi) the "**Principal Deficiency Ledger**" means a ledger maintained by the Cash Manager on behalf of the Issuer, which will comprise the following sub-ledgers:
 - (A) the principal deficiency sub-ledger relating to the Class A Notes (the "**Class A Principal Deficiency Sub-Ledger**");
 - (B) the principal deficiency sub-ledger relating to the Class B Notes (the "**Class B Principal Deficiency Sub-Ledger**");
 - (C) the principal deficiency sub-ledger relating to the Class C Notes (the "**Class C Principal Deficiency Sub-Ledger**");
 - (D) the principal deficiency sub-ledger relating to the Class D Notes (the "**Class D Principal Deficiency Sub-Ledger**");
 - (E) the principal deficiency sub-ledger relating to the Class E Notes (the "**Class E Principal Deficiency Sub-Ledger**");
 - (F) the principal deficiency sub-ledger relating to the Class F Notes (the "**Class F Principal Deficiency Sub-Ledger**");
 - (G) the principal deficiency sub-ledger relating to the Class G Notes (the "**Class G Principal Deficiency Sub-Ledger**"); and
 - (H) the principal deficiency sub-ledger relating to the Class Z Notes (the "**Junior Principal Deficiency Sub-Ledger**");

each a "**Principal Deficiency Sub-Ledger**", which will record on the appropriate sub-ledger as a debit entry deficiencies arising from (i) Losses on the Portfolio (on the date the Cash Manager is informed of such Losses by the relevant Servicer), (ii) Principal Addition Amounts (on the Calculation Date on which such Principal Addition Amounts are determined by the Cash Manager) and (iii) amounts credited to the Liquidity Reserve Fund in accordance with item (b) of the Pre-Enforcement Redemption Priority of Payments (on the Calculation Date on which such Principal Addition Amounts are determined by the Cash Manager) and record as a credit entry all PDL Cure Amounts (if any) on each Interest Payment Date and deemed to be Available Redemption Receipts (see "*Credit Structure – Principal Deficiency Ledger*"); and

- (vii) the "**Issuer Profit Ledger**", which shall record (A) as a credit any amounts retained by the Issuer as profit in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable) and (B) as a debit any amount used to discharge any tax liability of the Issuer (up to the credit balance standing of the Issuer Profit Ledger);

- (b) provide the Issuer, the Seller, the relevant Servicer, the Security Trustee, the Rating Agencies, Bloomberg and EuroABS with the Investor Report by 5:00 p.m. on each Reporting Date, provided that each Servicer shall have delivered a Servicer Report in respect of the immediately preceding Collection Period by no later than 10:00 a.m. on the fourth Business Day of the month in which an Interest Payment Date falls (the "**Servicer Reporting Date**"), and provided further that EuroABS shall have provided a loan level data file on the Portfolio (the **EuroABS Report**) on the Business Day prior to the Reporting Date, such obligation to provide the Investor Report deemed to be discharged if the Cash Manager publishes the Investor Report on <http://sf.citidirect.com> by 5:00 p.m. on each Reporting Date;
- (c) as soon as reasonably practicable upon receiving a request from the Issuer and/or the Security Trustee and provided that it has all information necessary to enable it to do so, calculate and provide to the Issuer and the Security Trustee:
 - (i) the Optional Purchase Price (or where such calculation is made prior to the Calculation Date immediately preceding the Optional Purchase Completion Date, an estimate of the Optional Purchase Price); and/or
 - (ii) (where the initial calculation is made prior to the Calculation Date immediately preceding the Optional Purchase Completion Date) the definitive Optional Purchase Price; and/or
 - (iii) the Minimum Portfolio Liquidation Price;
- (d) keep such records for all Taxation purposes (including those relating to VAT) as it is required to keep under applicable laws;
- (e) subject to any applicable law, assist the auditors of the Issuer and provide such information to them as they may reasonably request for the purpose of carrying out their duties as auditors of the Issuer;
- (f) arrange for all payments due to be made by the Issuer under any of the Transaction Documents, provided that such monies as are necessary to meet such payments are at the relevant time available to the Issuer and that the Cash Manager is aware of the requirement to make such payment of a specific amount at the relevant time; provided that nothing herein shall constitute a guarantee by the Cash Manager of all or any of the obligations of the Issuer under any of the Transaction Documents;
- (g) on behalf of the Issuer, provided that monies are at the relevant time available to the Issuer, pay all out of pocket expenses of the Issuer as advised in writing to the Cash Manager or incurred by the Cash Manager on behalf of the Issuer in the performance of the Cash Management Services hereunder including:
 - (i) all Taxes which may be due or payable by the Issuer;
 - (ii) all necessary filing and other fees in compliance with regulatory requirements;
 - (iii) all legal and audit fees and other professional advisory fees; and
 - (iv) all communication expenses including postage, courier and telephone charges;
- (h) arrange payment of all fees due to Euronext Dublin or, as applicable, the Central Bank, as advised by the Issuer in writing to the Cash Manager, pursuant to the applicable Priority of Payments;
- (i) two Business Days before each Interest Payment Date, provide notification in writing (which may be satisfied by delivery of the Investor Report) to the Issuer and the Servicer that all necessary

determinations and calculations have been made in order for all necessary payments to be made in accordance with the Priorities of Payments on the forthcoming Interest Payment Date;

- (j) to the extent that there are any amounts held by the Issuer (whether in the Deposit Account or otherwise) after paying or providing for all items in the relevant Priority of Payments ranking in priority to the amounts payable on the Residual Certificates and available for such purpose, distribute such amounts by or on behalf of the Issuer to the Certificateholders; and
- (k) maintain a website relating to the Transaction and will publish on such website each Investor Report (to be published by no later than 5:00 p.m. on each Reporting Date (provided that the Servicer Reports are provided by 10:00 a.m. on the Servicer Reporting Date and that the EuroABS Report is provided by 5:00 p.m. on the Business Day before the Reporting Date)).

Cash Manager and Directions from the Security Trustee

The Cash Manager will act upon the direction of the Security Trustee (given in accordance with the terms and provisions of the Deed of Charge) upon the Security Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer.

Investor Reports and information

The Issuer will procure that the Cash Manager will publish a quarterly investor report which will be published on <http://sf.citidirect.com>.

Remuneration of Cash Manager

The Cash Manager will be paid a cash management fee for its cash management services under the Cash Management Agreement. Such fees will be determined under a separate fee letter between the Issuer and the Cash Manager. Any sum (or other consideration) payable (or provided) by the Issuer to the Cash Manager in respect of that fee shall be deemed to be exclusive of VAT, if any, chargeable on any supply for which the cash management fee is the consideration (in whole or in part) for VAT purposes. The cash management fee is payable quarterly in arrear on each Interest Payment Date in the manner contemplated by and in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments. If a successor replacement cash manager is appointed in accordance with the terms of the Cash Management Agreement, the Issuer shall pay the replacement cash manager, for its services thereunder, a fee to be determined at the time of such appointment in accordance with the terms of the Cash Management Agreement.

Termination of Appointment and Replacement of Cash Manager

If any of the following events ("**Cash Manager Termination Events**") shall occur:

- (a) default is made by the Cash Manager in the payment, on the due date, of any payment due and payable by it under the Cash Management Agreement and such default continues unremedied for a period of three Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied;
- (b) default is made by the Cash Manager in the performance or observance of any of its other covenants and obligations under the Cash Management Agreement or any of the Cash Manager warranties in the Cash Management Agreement proves to be untrue, incomplete, or inaccurate, or any certification or statement made by the Cash Manager in any certificate or other document delivered pursuant to the Cash Management Agreement proves to be untrue, and such default continues unremedied for a period of 30 Business Days after the earlier of the Cash Manager becoming aware of such default

and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied;

- (c) an Insolvency Event occurs in respect of the Cash Manager; or
- (d) it becomes unlawful for the Cash Manager to perform its obligations under the Cash Management Agreement or under any other Transaction Document,

then prior to the delivery of an Enforcement Notice, the Issuer (with the written consent of the Security Trustee), or following the delivery of an Enforcement Notice, the Security Trustee, may, at once or at any time thereafter while such default continues, by notice in writing to the Cash Manager (with a copy to the Security Trustee if such notice is delivered by the Issuer and with a copy to the Issuer if such notice is delivered by the Security Trustee), terminate its appointment as Cash Manager under the Cash Management Agreement with effect from a date (not earlier than the date of the notice) specified in such notice. In determining whether to give or withhold consent to the termination of the Cash Manager by the Issuer, the Security Trustee will have regard to factors including, *inter alia*, the availability of a substitute cash manager. Upon termination of the appointment of the Cash Manager, the Issuer shall use reasonable endeavours to appoint a substitute cash manager that satisfies the conditions set out below.

Any substitute cash manager:

- (a) must have the requisite cash management experience to perform the functions to be given to it under the Cash Management Agreement and is approved by the Issuer and the Security Trustee;
- (b) must agree to enter into a cash management agreement with the Issuer and the Security Trustee substantially on the terms of the Cash Management Agreement, and at fees which are consistent with those payable generally at the relevant time for the provision of cash management services for transactions similar to this transaction;
- (c) must be resident for tax purposes solely in the United Kingdom; and
- (d) (if the Rated Notes remain outstanding) each Rating Agency must provide a Rating Agency Confirmation in respect of its appointment or the Issuer must have certified to the Security Trustee that certain provisions of the Deed of Charge are satisfied in relation to the request for such Rating Agency Confirmation.

For the avoidance of doubt, upon termination of the appointment of the Cash Manager, if the Issuer is unable to find a suitable third party willing to act as a substitute cash manager, this shall not constitute any breach of the provisions of the Cash Management Agreement.

Resignation of the Cash Manager

The Cash Manager may resign on giving not less than 60 days' written notice (or such shorter time as may be agreed between the Cash Manager, the Issuer, the relevant Servicer and the Security Trustee) of its resignation to the Issuer, the relevant Servicer, the Note Trustee and the Security Trustee without providing any reason therefor and without being responsible for any liability incurred by reason thereof, provided that:

- (a) a substitute cash manager shall be appointed, such appointment to be effective not later than the date of such termination;
- (b) such substitute cash manager has the requisite cash management experience to perform the functions to be given to it under the Cash Management Agreement and is approved by the Issuer and the Security Trustee;

- (c) such substitute cash manager enters into a cash management agreement with the Issuer substantially on the terms of the Cash Management Agreement, and at fees which are consistent with those payable generally at the relevant time for the provision of cash management services for transactions similar to this transaction;
- (d) such substitute cash manager must be resident for tax purposes solely in the United Kingdom; and
- (e) (if the Rated Notes remain outstanding) each Rating Agency must provide a Rating Agency Confirmation in respect of its appointment or the Issuer must have certified to the Security Trustee that certain provisions of the Deed of Charge are satisfied in relation to the request for such Rating Agency Confirmation.

Governing Law

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

The Bank Account Agreement

Pursuant to the terms of a bank account agreement entered into on or about the Closing Date between the Issuer, the Issuer Account Bank, the Cash Manager and the Security Trustee (the "**Bank Account Agreement**"), the Issuer will maintain with the Issuer Account Bank the Deposit Account, which will be operated in accordance with the Cash Management Agreement and the Deed of Charge. The Issuer Account Bank is required to have all of the Account Bank Ratings.

Governing Law

The Bank Account Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

The Corporate Services Agreement

On or prior to the Closing Date, the Issuer, the Corporate Services Provider, the Share Trustee, Holdings and the Security Trustee will enter into a corporate services agreement (the "**Corporate Services Agreement**") pursuant to which the Corporate Services Provider will provide the Issuer and Holdings with certain corporate and administrative functions against the payment of a fee. Such services include, *inter alia*, the performance of all general book-keeping, secretarial, registrar and company administration services for the Issuer and Holdings (including the provision of directors), providing the directors with information in connection with the Issuer and Holdings, and the arrangement for the convening of shareholders' and directors' meetings.

Governing Law

The Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

The ALBA 2006 Collection Account Agreement

On the Closing Date, the ALBA 2006 Legal Title Holder and others entered into a collection account agreement which includes, *inter alia*, a declaration of trust over the ALBA 2006 collection accounts in favour of the Issuer over all of their rights, title, interest and benefit (both present and future) in the accounts held pursuant to the ALBA 2006 Collection Account Agreement, including all amounts standing to the credit of the ALBA 2006 collection accounts, absolutely for the beneficiaries in the manner specified in the ALBA 2006 Collection Account Agreement.

Governing Law

The ALBA 2006 Collection Account Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

The ALBA 2015 Collection Account Agreement

On the Closing Date, the ALBA 2015 Legal Title Holder and others entered into a collection account agreement which includes, *inter alia*, a declaration of trust over the ALBA 2015 collection account in favour of the Issuer over all of their rights, title, interest and benefit (both present and future) in the account held in the name of the ALBA 2015 Legal Title Holder with the ALBA 2015 Collection Account Bank, including all amounts standing to the credit of the ALBA 2015 collection account, absolutely for the beneficiaries in the manner specified in the ALBA 2015 Collection Account Agreement.

Governing Law

The ALBA 2015 Collection Account Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

CREDIT STRUCTURE

The Notes are obligations of the Issuer only. The Notes are not obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. In particular, the Notes are not obligations of, or the responsibility of, or guaranteed by, any of the Relevant Parties. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Relevant Parties or by any other person other than the Issuer.

The structure of the credit support arrangements may be summarised as follows:

1. Liquidity and Credit Support for the Notes provided by Available Revenue Receipts

It is anticipated that, during the life of the Notes, the interest payable by Borrowers on the Loans will, assuming that all of the Loans are fully performing, be sufficient so that the Available Revenue Receipts will be sufficient to pay the amounts payable under items (a) to (x) (inclusive) of the Pre-Enforcement Revenue Priority of Payments. The actual amount of any excess payable to the Certificateholders at item (y) of the Pre-Enforcement Revenue Priority of Payments will vary during the life of the Notes. Two of the key factors determining such variation are the interest rates applicable to the Loans in the Portfolio relative to the interest rates on the Notes (as to which, see "*Risk Factors – Risks Relating to the Structure – Interest Rate Risk*") and the performance of the Portfolio.

Available Revenue Receipts will be applied (after making payments ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments, towards reducing any Principal Deficiency Ledger debit entries which may arise from (i) Losses on the Portfolio, (ii) the application of Available Redemption Receipts as Principal Addition Amounts to cover Revenue Deficits in accordance with item (a) of the Pre-Enforcement Redemption Priority of Payments (subject to the satisfaction of the Liquidity Availability Conditions) and (iii) amounts credited to the Liquidity Reserve Fund in accordance with item (b) of the Pre-Enforcement Redemption Priority of Payments (and subject to the conditions set out therein).

Further, Principal Addition Amounts and, prior to the earlier of the Class D Note Redemption Date, the Optional Redemption Date and the Final Redemption Date, amounts standing to the credit of the Liquidity Reserve Fund will be available to cover any Revenue Deficits subject to the application of the Liquidity Availability Conditions.

On each Interest Payment Date, to the extent that the amount of Available Revenue Receipts exceeds the aggregate of the payments required to be met under items (a) to (u) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to repay Principal Amounts Outstanding on the Class X1 Notes until the Principal Amount Outstanding on the Class X1 Notes has been reduced to zero.

On each Interest Payment Date, to the extent that the amount of Available Revenue Receipts exceeds the aggregate of the payments required to be met under items (a) to (w) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to repay Principal Amounts Outstanding on the Class X2 Notes until the Principal Amount Outstanding on the Class X2 Notes has been reduced to zero.

2. **Liquidity Reserve Fund and Liquidity Reserve Fund Ledger**

On the Closing Date, the Issuer will establish a liquidity reserve fund (the "**Liquidity Reserve Fund**") which will, under certain circumstances and subject to certain conditions, be available for credit enhancement and liquidity support for the Notes.

Prior to the earlier of the Class D Note Redemption Date, the Optional Redemption Date or the Final Redemption Date, the amount (if any) by which the balance to the Liquidity Reserve Fund exceeds the Liquidity Reserve Fund Required Amount on the immediately preceding Interest Payment Date (the Liquidity Reserve Fund Excess Amount, as defined below) shall provide credit enhancement to all outstanding Classes of the Notes (other than the Class X Notes).

Notwithstanding the provisions of the foregoing paragraphs, following delivery of an Enforcement Notice, the Liquidity Reserve Fund shall provide credit enhancement to all Classes of Notes.

The Liquidity Reserve Fund will provide liquidity support to the Class A Notes at all times.

Prior to the Class A Note Redemption Date, the Liquidity Reserve Fund will provide conditional liquidity support to the Class B Notes, the Class C Notes and the Class D Notes.

Following the Class A Note Redemption Date, the entire balance of the Liquidity Reserve Fund will unconditionally provide liquidity support to the Class B Notes.

Prior to the Class B Note Redemption Date, the Liquidity Reserve Fund will provide conditional liquidity support to the Class C Notes and the Class D Notes.

Following the Class B Note Redemption Date, the entire balance of the Liquidity Reserve Fund will unconditionally provide liquidity support to the Class C Notes.

Prior to the Class C Note Redemption Date, the Liquidity Reserve Fund will provide conditional liquidity support to the Class D Notes.

Following the Class C Note Redemption Date, the entire balance of the Liquidity Reserve Fund will unconditionally provide liquidity support to the Class D Notes.

On the earlier of the Class D Note Redemption Date, the Optional Redemption Date or the Final Redemption Date, all amounts standing to the Liquidity Reserve Fund shall provide credit enhancement to all Classes of Notes (other than the Class X Notes) as Available Redemption Receipts.

The Liquidity Reserve Fund will be deposited in the Deposit Account (with a corresponding credit being made to the Liquidity Reserve Fund Ledger). The Cash Manager will maintain the Liquidity Reserve Fund Ledger pursuant to the Cash Management Agreement to record the balance from time to time of the Liquidity Reserve Fund.

On the Closing Date the Cash Manager will credit the Liquidity Reserve Fund with an amount equal to the Liquidity Reserve Fund Required Amount from the proceeds of the issuance of the Class Z2 Notes. Thereafter, the Liquidity Reserve Fund shall be credited on each Interest Payment Date (prior to the Class D Note Redemption Date, the Optional Redemption Date or the Final Redemption Date, whichever is earlier, or the service of an Enforcement Notice) up to the Liquidity Reserve Fund Required Amount at item (b) of the Pre-Enforcement Redemption Priority of Payments and to the extent that funds are available for such purpose in accordance with the Pre-Enforcement Redemption Priority of Payments.

Prior to the Class D Note Redemption Date, following the application of Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments, all amounts then standing to the Liquidity Reserve Fund shall be available for Liquidity Reserve Fund Drawings subject to the Liquidity Availability Conditions as outlined below. For the avoidance of doubt on and following the Class D Note Redemption Date, the Liquidity Reserve Fund Drawings will no longer be applicable.

Prior to the Class D Note Redemption Date, the Cash Manager will, subject to the Liquidity Availability Conditions and to the extent applicable, following a determination made by it on the immediately preceding Calculation Date, (for the avoidance of doubt following the application of Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments) apply Liquidity Reserve Fund Drawings in an amount equal to the lesser of (i) the balance standing to the Liquidity Reserve Fund, and (ii) the aggregate amount of any Revenue Deficits. On each Interest Payment Date falling prior to the Class D Note Redemption Date, the Cash Manager shall apply the Liquidity Reserve Fund Drawings to cover Revenue Deficits in the order of priority in which the item corresponding to the relevant Revenue Deficit appears in the Pre-Enforcement Revenue Priority of Payments.

"Revenue Deficit" means the amount required on an Interest Payment Date to meet any deficit in Available Revenue Receipts available to pay amounts due (or that would be due but for any deferral provision relating thereto pursuant to Condition 18 (*Subordination by Deferral*)) in respect of any of items (a) to (e), (g), (i), (k), (m) and (o) of the Pre-Enforcement Revenue Priority of Payments determined in respect of such Interest Payment Date in accordance with the Liquidity Availability Conditions on such Interest Payment Date.

The **"Liquidity Availability Conditions"** are:

- (a) Principal Addition Amounts and Liquidity Reserve Fund Drawings and amounts standing to the credit of the Liquidity Reserve Fund shall be available at all times to provide for Revenue Deficits under items (a) to (e) of the Pre-Enforcement Revenue Priority of Payments;
- (b) **provided that** either (i) the Class B Notes are the Most Senior Class of Notes or (ii) if the Class A Notes are the Most Senior Class of Notes, there is no debit entry on the Class B Principal Deficiency Sub-Ledger as at the day immediately prior to the relevant Calculation Date, Liquidity Reserve Fund Drawings shall be available in relation to Revenue Deficits corresponding to item (g) of the Pre-Enforcement Revenue Priority of Payments prior to the Class B Note Redemption Date;
- (c) **provided that** either (i) the Class C Notes are the Most Senior Class of Notes or (ii) if the Class A Notes or the Class B Notes are the Most Senior Class of Notes, there is no debit entry on the Class C Principal Deficiency Sub-Ledger as at the day immediately prior to the relevant Calculation Date, Liquidity Reserve Fund Drawings shall be available in relation to Revenue Deficits corresponding to item (i) of the Pre-Enforcement Revenue Priority of Payments prior to the Class C Note Redemption Date;
- (d) **provided that** either (i) the Class D Notes are the Most Senior Class of Notes or (ii) if the Class A Notes, the Class B Notes or the Class C Notes are the Most Senior Class of Notes, there is no debit entry on the Class D Principal Deficiency Sub-Ledger as at the day immediately prior to the relevant Calculation Date, Liquidity Reserve Fund Drawings shall be available in relation to Revenue Deficits corresponding to item (k) of the Pre-Enforcement Revenue Priority of Payments prior to the Class D Note Redemption Date; and

- (e) **provided that** the corresponding Class of Notes are the Most Senior Class of Notes outstanding at such time, Principal Addition Amounts shall be available in relation to Revenue Deficits corresponding to items (e), (g), (i), (k), (m) and (o) of the Pre-Enforcement Revenue Priority of Payments in respect of such Most Senior Class of Notes at such time after application of any applicable Liquidity Reserve Fund Drawings.

On any Calculation Date, if the Cash Manager determines that following application of any amounts standing to the Liquidity Reserve Fund to provide for any Revenue Deficits on the immediately following Interest Payment Date in the manner outlined above, the amount so applied would be insufficient to provide for such Revenue Deficit in full then, subject to the application of the Liquidity Availability Conditions, the Cash Manager shall in accordance with and pursuant to the Pre-Enforcement Redemption Priority of Payments, retain an amount of Available Redemption Receipts and apply the same in or toward satisfaction of such continuing Revenue Deficit (the "**Principal Addition Amounts**").

On the Class D Note Redemption Date all amounts standing to the credit of the Liquidity Reserve Fund will be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments.

The "**Liquidity Reserve Fund Required Amount**" means on the Closing Date £4,580,000; and thereafter, in respect of an Interest Payment Date, an amount equal to 2.00% of the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes on the preceding Calculation Date (for the avoidance of doubt, prior to the application of Available Revenue Receipts and Available Redemption Receipts on the immediately following Interest Payment Date).

The "**Liquidity Reserve Fund Excess Amount**" means, in respect of an Interest Payment Date, the credit balance of the Liquidity Reserve Fund Ledger less the Liquidity Reserve Fund Required Amount on the immediately preceding Interest Payment Date, provided that the Liquidity Reserve Fund Excess Amount on the Interest Payment Date falling in December 2020 shall be deemed to be zero.

For more information about the application of the amounts standing to the credit of the Liquidity Reserve Fund, see the section entitled "*Cashflows – Application of Monies released from the Liquidity Reserve Fund*".

3. Principal Deficiency Ledger

The Principal Deficiency Ledger will be established on the Closing Date to record any Losses affecting the Loans in the Portfolio and/or any Principal Addition Amounts (determined in accordance with the Liquidity Availability Conditions) and/or amounts credited to the Liquidity Reserve Fund in accordance with item (b) of the Pre-Enforcement Redemption Priority of Payments. At or about the same time, the Cash Manager shall establish eight Principal Deficiency Sub-Ledgers, being the Class A Principal Deficiency Sub-Ledger, Class B Principal Deficiency Sub-Ledger, Class C Principal Deficiency Sub-Ledger, Class D Principal Deficiency Sub-Ledger, Class E Principal Deficiency Sub-Ledger, Class F Principal Deficiency Sub-Ledger, Class G Principal Deficiency Sub-Ledger and Junior Principal Deficiency Sub-Ledger.

Any Losses on the Portfolio and/or any Principal Addition Amounts and/or any amounts credited to the Liquidity Reserve Fund in accordance with item (b) of the Pre-Enforcement Redemption Priority of Payments will be recorded as a debit on the Principal Deficiency Ledger (on the date that the Cash Manager is informed of such Losses by the relevant Servicer or on the Interest Payment Date that such Principal Addition Amounts are applied or on the Interest Payment Date such amounts are credited to the Liquidity Reserve Fund pursuant to item (b) of the Pre-Enforcement Redemption

Priority of Payments by the Cash Manager) and shall be allocated to the relevant Principal Deficiency Sub-Ledger in the following order of priority:

- (a) *first*, to the Junior Principal Deficiency Sub-Ledger up to a maximum amount equal to the Junior PDL Notional Capacity;
- (b) *second*, to the Class G Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class G Notes;
- (c) *third*, to the Class F Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class F Notes;
- (d) *fourth*, to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes;
- (e) *fifth*, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes;
- (f) *sixth*, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes;
- (g) *seventh*, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; and
- (h) *eighth*, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes.

Investors should note that realised Losses in any period will be calculated after applying any recoveries from the sale of a property which is secured in respect of any Loan following enforcement of a Loan to pay all outstanding fees and interest amounts due and payable in respect of such Loan.

The Cash Manager will record as a credit, PDL Cure Amounts expressed to be credited to the relevant Principal Deficiency Sub-Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments (in the case of Available Revenue Receipts).

"Junior PDL Notional Capacity" means on any Calculation Date the Principal Amount Outstanding of the Class Z Notes..

4. Available Revenue Receipts and Available Redemption Receipts

Prior to the service of an Enforcement Notice on the Issuer, Available Revenue Receipts and Available Redemption Receipts shall be applied on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Redemption Priority of Payments, respectively. It is not intended that any surplus will be accumulated in the Issuer other than amounts which the Issuer expects to generate in each accounting period as its profit in respect of the business of the Issuer and, prior to the Class D Note Redemption Date, amounts standing to the credit of the Liquidity Reserve Fund.

If, on any Interest Payment Date while there are Rated Notes outstanding, the Available Revenue Receipts, Liquidity Reserve Fund Drawings (to the extent applicable) and Principal Addition Amounts are insufficient to pay the interest that would otherwise be payable absent the deferral provisions in respect of the Notes other than in respect of the Most Senior Class of Notes, then the Issuer will be entitled under Condition 18 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. Any such

deferral in accordance with the deferral provisions contained in the Conditions will not constitute a Default until the Final Maturity Date. However, failure to pay interest on the Most Senior Class of Notes (as defined in Condition 13.2(ii) to include only the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes) within any applicable grace period in accordance with the Conditions shall constitute an Event of Default under the Notes which may result in the Security Trustee enforcing the Security.

CASHFLOWS

Definition of Revenue Receipts

"Revenue Receipts" means (without double-counting) the aggregate of:

- (a) payments of interest and other fees due from time to time under the Loans (including any Early Repayment Charges) and other amounts received by the Issuer in respect of the Loans and their Related Security, other than payments of interest, fees and other amounts comprising Optional Purchase Collections, Risk Retention Regulatory Change Option Collections or Market Sale Collections;
- (b) recoveries of interest from defaulting Borrowers under Loans being enforced;
- (c) recoveries of all amounts from defaulting Borrowers under Loans following enforcement and sale of the relevant property or any amounts recovered from third parties, other than any recoveries comprising Redemption Receipts;
- (d) the proceeds of repurchase (or payment made by the Seller in lieu of the obligation to repurchase) attributable to Accrued Interest and Arrears of Interest only of any Loan repurchased by the Seller from the Issuer pursuant to the Mortgage Sale Agreement (including amounts which have been capitalised subsequent to the Relevant Cut-Off Date which, had such amounts not been capitalised, would have been Revenue Receipts); and
- (e) any other amounts of a revenue nature received in respect of a Loan including, without limitation, amounts under the Mortgage Sale Agreement attributable to fees, interest, insurance proceeds and any proceeds from any claims made by or on behalf of the Issuer, in each case which do not relate to the payment of principal.

Definition of Available Revenue Receipts

"Available Revenue Receipts" means, in relation to each Interest Payment Date, an amount equal to the aggregate of (without double counting):

- (a) Revenue Receipts or, if in a Determination Period, Calculated Revenue Receipts (in each case, excluding any Reconciliation Amounts to be applied as Available Redemption Receipts on that Interest Payment Date) received by the Issuer during the immediately preceding Collection Period;
- (b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Collection Period;
- (c) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with the Cash Management Agreement;
- (d) amounts determined to be credited to the Deposit Account on the immediately preceding Interest Payment Date in accordance with item (t) of the Pre-Enforcement Revenue Priority of Payments;
- (e) other net income of the Issuer corresponding to the immediately preceding Collection Period, excluding any Redemption Receipts;

less:

- (f) any Third Party Amounts.

"Third Party Amounts" means the amounts applied from time to time during the immediately preceding Collection Period in accordance with the Cash Management Agreement, the ALBA 2006 Collection Account Agreement or the ALBA 2015 Collection Account Agreement in making payment of certain monies which properly belong to third parties (including the Seller) such as (but not limited to):

- (a) certain costs and expenses charged by the relevant Servicer in respect of its servicing of the Loans in accordance with the ALBA 2006 Servicing Agreement or the ALBA 2015 Servicing Agreement (as applicable), other than any Servicing Fee and not otherwise covered by the items below;
- (b) payments of certain insurance premiums in respect of the Insurance Policies (to the extent referable to the Loans);
- (c) amounts under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited in excess of the amount required to be paid by a Borrower or in error;
- (d) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower;
- (e) any tax payments paid or payable by the Issuer during the immediately preceding Collection Period to the extent not funded from amounts standing to the credit of the Issuer Profit Ledger;
- (f) amounts to remedy any overdraft in relation to the ALBA 2006 collection accounts or the ALBA 2015 collection account or to pay any amounts due to the ALBA 2006 Collection Account Bank or the ALBA 2015 collection account; and
- (g) amounts for the purposes of funding any recalled payments under a direct debiting scheme.

Application of Monies released from the Liquidity Reserve Fund

On each Interest Payment Date prior to the Class D Note Redemption Date, the Liquidity Reserve Fund shall not be applied as Available Revenue Receipts but, subject to the Liquidity Availability Conditions, shall be available for the purpose of Liquidity Reserve Fund Drawings.

On each Interest Payment Date falling prior to the Class D Note Redemption Date, and subject to the Liquidity Availability Conditions, to the extent that there would be one or more Revenue Deficits on such Interest Payment Date, an amount equal to the lower of (a) the amount required to cover such Revenue Deficit or Revenue Deficits and (b) the amount standing to the credit of the Liquidity Reserve Fund on such Interest Payment Date (such amounts being "**Liquidity Reserve Fund Drawings**") shall be debited from the Liquidity Reserve Fund immediately following the application of Available Revenue Receipts and will be applied to meet such Revenue Deficit or Revenue Deficits, provided that if there is more than one Revenue Deficit such amounts shall be applied in the order of priority as such items appear in the Pre-Enforcement Revenue Priority of Payments.

On the Class D Note Redemption Date, the Optional Redemption Date or the Final Redemption Date, whichever is earlier, all amounts standing to the credit of the Liquidity Reserve Fund will be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments.

Application of Available Redemption Receipts to cover a Revenue Deficit

If the Cash Manager calculates that, on any Interest Payment Date, there would be a Revenue Deficit (after application of the Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and (prior to the Class D Note Redemption Date, the Optional Redemption Date or the Final Redemption Date, whichever is earlier) the use of any Liquidity Reserve Fund Drawings to meet any

Revenue Deficits against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments), the Issuer shall apply Principal Addition Amounts to cover such Revenue Deficit, provided that amounts will only be released to cover a Revenue Deficit corresponding to item (a) to (e), (g), (i), (k), (m) and (o) of the Pre-Enforcement Revenue Priority of Payments in respect of the Most Senior Class of Notes at such time if the relevant Liquidity Availability Conditions are satisfied.

If any Principal Addition Amounts are applied on any Interest Payment Date in accordance with item (a) of the Pre-Enforcement Redemption Priority of Payments, the Issuer (or the Cash Manager on its behalf) will make a corresponding debit entry in the Principal Deficiency Ledger. On any Calculation Date, if the Cash Manager determines that the then Most Senior Class of Notes will be redeemed on the immediately succeeding Interest Payment Date, the Principal Addition Amounts will be available in relation to Revenue Deficits corresponding to items (e), (g), (i), (k), (m) and (o) of the Pre-Enforcement Revenue Priority of Payments in respect of the new Most Senior Class of Notes at such time.

Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer

The Cash Manager, on behalf of the Issuer, is required pursuant to the terms of the Cash Management Agreement to apply or provide for the application of Available Revenue Receipts on each relevant Interest Payment Date prior to the service of an Enforcement Notice by the Note Trustee on the Issuer (other than an Interest Payment Date falling on or immediately following the Optional Purchase Completion Date, the Risk Retention Regulatory Change Option Date, the Market Sale Date or the Optional Refinancing Date), and in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Pre-Enforcement Revenue Priority of Payments**") and, together with the Pre-Enforcement Redemption Priority of Payments and the Post-Enforcement Priority of Payments, the "**Priorities of Payments**" and each a "**Priority of Payments**"):

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) any fees, costs, charges, liabilities, expenses and all other amounts then due to the Note Trustee and any Appointee under the provisions of the Trust Deed and the other Transaction Documents together with (if payable) VAT thereon as provided therein; and
 - (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due to the Security Trustee and any Appointee under the provisions of the Deed of Charge and the other Transaction Documents together with (if payable) VAT thereon as provided therein;
- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof (in each case without double counting) of:
 - (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Principal Paying Agent and any fees, costs, charges, liabilities, expenses and all other amounts then due to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
 - (ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, liabilities, expenses and all other amounts then due under the provisions of the Cash Management Agreement, together with (if payable) VAT thereon as provided therein;
 - (iii) any amounts then due and payable to the ALBA 2006 Servicer and the ALBA 2006 Legal Title Holder and any fees, costs, charges, liabilities and expenses then due under the provisions of the ALBA 2006 Servicing Agreement and the Deed of Assignment of Legal

Title and any fee letter related thereto, together with (if payable) VAT thereon as provided therein;

- (iv) any amounts then due and payable to the ALBA 2015 Servicer and the ALBA 2015 Legal Title Holder and any fees, costs, charges, liabilities and expenses then due under the provisions of the ALBA 2015 Servicing Agreement and any fee letter related thereto, together with (if payable) VAT thereon as provided therein;
 - (v) any amounts then due and payable to the Back-Up Servicer Facilitator including fees, costs, charges, liabilities and expenses then due to the Back-Up Servicer Facilitator under the provisions of the ALBA 2006 Servicing Agreement and the ALBA 2015 Servicing Agreement, together with (if payable) VAT thereon as provided therein;
 - (vi) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, liabilities and expenses then due under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;
 - (vii) any amounts then due and payable to the Issuer Account Bank and any fees, costs, charges, liabilities, expenses and all other amounts then due under the provisions of the Bank Account Agreement, together with (if applicable) VAT thereon as provided therein; and
 - (viii) any amounts then due and payable to the Collection Account Bank and any fees, costs, charges, liabilities and expenses then due under the provisions of the ALBA 2006 Collection Account Agreement and the ALBA 2015 Collection Account Agreement, together with (if applicable) VAT thereon as provided therein;
- (c) *third*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof (in each case without double counting) of:
- (i) Third Party Expenses (if any) and any amounts required to pay or discharge (to the extent not discharged from the Issuer Profit Amount or otherwise)) any liability of the Issuer for corporation tax of the Issuer; and
 - (ii) any Transfer Costs which the relevant Servicer has failed to pay pursuant to the ALBA 2006 Servicing Agreement or the ALBA 2015 Servicing Agreement (as applicable);
- (d) *fourth*, to pay the Issuer an amount equal to £300 to be retained by the Issuer as profit in respect of the business of the Issuer (the "**Issuer Profit Amount**");
- (e) *fifth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class A Notes;
- (f) *sixth*, to credit the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (g) *seventh*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class B Notes;
- (h) *eighth*, to credit the Class B Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);

- (i) *ninth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class C Notes;
- (j) *tenth* to credit the Class C Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (k) *eleventh*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class D Notes;
- (l) *twelfth*, to credit the Class D Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (m) *thirteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class E Notes;
- (n) *fourteenth*, to credit the Class E Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (o) *fifteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class F Notes
- (p) *sixteenth*, to credit the Class F Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (q) *seventeenth*, to credit the Class G Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (r) *eighteenth*, to credit the Junior Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (s) *nineteenth*, on any Interest Payment Date falling on or after the Optional Redemption Date, all amounts to be applied as Available Redemption Receipts;
- (t) *twentieth*, on any Interest Payment Date falling within a Determination Period, all remaining amounts to be retained in the Deposit Account to be applied on the next Interest Payment Date as Available Revenue Receipts;
- (u) *twenty first*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class X1 Notes;
- (v) *twenty second* , to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class X2 Notes; and
- (w) *twenty third* , in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class X1 Notes until the Principal Amount Outstanding on the Class X1 Notes has been reduced to zero;

- (x) *twenty fourth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class X2 Notes until the Principal Amount Outstanding on the Class X2 Notes has been reduced to zero; and
- (y) *twenty fifth*, any excess amounts *pro rata* and *pari passu* to the Certificateholders.

As used in this Prospectus:

"Appointee" means any attorney, manager, agent, delegate, nominee, custodian, financial adviser or other professional adviser or other person properly appointed by the Note Trustee under the Trust Deed or the Security Trustee under the Deed of Charge (as applicable) to discharge any of its functions.

"Final Discharge Date" means the date on which the Security Trustee notifies the Issuer and the Secured Creditors that it is satisfied that all the Secured Obligations and/or all other monies and their liabilities due or owing by the Issuer have been paid or discharged in full.

"Final Redemption Date" means the Interest Payment Date in respect of which the Cash Manager determines on the immediately preceding Calculation Date (or on any other date falling after such Calculation Date but prior to the relevant Interest Payment Date) that the sum of the Available Redemption Receipts (excluding paragraph (d) of the definition thereof) would be sufficient to redeem in full the Rated Notes (and the Class G Notes) on the Interest Payment Date immediately succeeding the relevant Calculation Date and **provided that** such Interest Payment Date does not fall on or immediately following the Optional Purchase Completion Date, the Risk Retention Regulatory Change Option Date, Market Sale Date or the Optional Refinancing Date (whereupon, for the avoidance of doubt, amounts standing to the Liquidity Reserve Fund shall be applied pursuant to the Post-Enforcement Priority of Payments together with other amounts expressed to be available to the Issuer to effect the redemption in full of the Notes).

"Optional Redemption Date" means the Interest Payment Date falling June 2024.

"Third Party Expenses" means any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere).

"Transfer Costs" means the Issuer's costs and expenses associated with the transfer of servicing to a substitute servicer.

Definition of Redemption Receipts

"Redemption Receipts" means (without double-counting) the aggregate of:

- (a) principal repayments under the Loans (including payments of arrears of principal and amounts capitalised prior to the Relevant Cut-Off Date) (other than amounts (i) comprising Optional Purchase Collections, Risk Retention Regulatory Change Option Collections or Market Sale Collections and (ii) in respect of any Loans and their Related Security following payment by the Seller in lieu of repurchase pursuant to the Mortgage Sale Agreement);
- (b) the proceeds of the repurchase of any Loan (or indemnity payment in lieu of repurchase) by the Seller from the Issuer pursuant to the Mortgage Sale Agreement (excluding amounts attributable to Accrued Interest and Arrears of Interest thereon as at the relevant repurchase date) (less any amounts which have been capitalised which, had they not been capitalised, would have been a Revenue Receipt);

- (c) recoveries of principal from defaulting Borrowers under Loans upon enforcement and sale of the relevant property or any amounts recovered from third parties to the extent that such proceeds or receipts constitute principal; and
- (d) any other amounts of a principal nature received in respect of a Loan or its Related Security including without limitation any payment pursuant to any insurance policy in respect of a Property in connection with a Loan, to the extent it is attributable to principal.

Definition of Available Redemption Receipts

"**Available Redemption Receipts**" means for any Interest Payment Date an amount equal to the aggregate of (without double counting):

- (a) all Redemption Receipts or, if in a Determination Period, any Calculated Redemption Receipts (in each case, excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date) received by the Issuer during the immediately preceding Collection Period;
- (b) any PDL Cure Amounts;
- (c) any amount to be applied at item (s) of the Pre-Enforcement Revenue Priority of Payments and deemed to be Available Redemption Receipts;
- (d) in respect of the first Interest Payment Date only, the amount paid into the Deposit Account on the Closing Date from the excess of the proceeds of the Notes (excluding the proceeds of the Class Z2 Notes used to establish the Liquidity Reserve Fund) over the Initial Consideration;
- (e) prior to the Class D Note Redemption Date, the Optional Redemption Date or the Final Redemption Date, any Liquidity Reserve Fund Excess Amount;
- (f) on the earlier of the Class D Note Redemption Date, the Optional Redemption Date or the Final Redemption Date, all amounts standing to the credit of the Liquidity Reserve Fund Ledger;
- (g) following the service of an Enforcement Notice, all amounts standing to the credit of the Liquidity Reserve Fund Ledger; and
- (h) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Redemption Receipts in accordance with the Cash Management Agreement, to the extent that such amount is of a principal nature.

Application of Available Redemption Receipts prior to the service of an Enforcement Notice on the Issuer

On each relevant Interest Payment Date prior to the service of an Enforcement Notice on the Issuer (other than an Interest Payment Date falling on or immediately following the Optional Purchase Completion Date, the Risk Retention Regulatory Change Option Date, the Market Sale Date or the Optional Refinancing Date), and in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full), the Cash Manager on behalf of the Issuer is required pursuant to the terms of the Cash Management Agreement to apply Available Redemption Receipts in the following order of priority (the "**Pre-Enforcement Redemption Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):

- (a) *first*, any Principal Addition Amounts (subject to the satisfaction of the Liquidity Availability Condition) to be applied to meet any Revenue Deficit in the order in which the item to which such Revenue Deficit relates appears in the Pre-Enforcement Revenue Priority of Payments;
- (b) *second*, prior to the Class D Note Redemption Date or the Optional Redemption Date, whichever is earlier, to credit the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount, provided that no amount shall be applied pursuant to this provision on the Final Redemption Date;
- (c) *third*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (d) *fourth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
- (e) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
- (f) *sixth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero;
- (g) *seventh*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero;
- (h) *eighth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class F Notes until the Principal Amount Outstanding on the Class F Notes has been reduced to zero;
- (i) *ninth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class G Notes until the Principal Amount Outstanding on the Class G Notes has been reduced to zero;
- (j) *tenth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class Z1 Notes until the Principal Amount Outstanding of the Class Z1 Notes has been reduced to zero;
- (k) *eleventh*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class Z2 Notes until the Principal Amount Outstanding of the Class Z2 Notes has been reduced to zero; and
- (l) *twelfth*, any excess amounts *pro rata* and *pari passu* to the Certificateholders.

Distributions following the service of an Enforcement Notice on the Issuer

(I) after an Enforcement Notice has been served on the Issuer, the Security Trustee (or the Cash Manager on its behalf) or any Receiver appointed by the Security Trustee in connection with the enforcement of the Security will apply all Available Revenue Receipts, all Available Redemption Receipts and all other amounts received or recovered by the Issuer, the Security Trustee or any Receiver and (II) on the Interest Payment Date immediately following the Optional Purchase Completion Date, Risk Retention Regulatory Change Option Date, the Market Sale Date or Optional Refinancing Date, the Issuer (or the Cash Manager on its

behalf), will apply all amounts expressed to be available to be applied on such Interest Payment Date, in each case other than any amount standing to the credit of the Issuer Profit Ledger, which shall be applied by the Issuer in or towards satisfaction of any liability of the Issuer for corporation tax of the Issuer, in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Post-Enforcement Priority of Payments**"):

- (a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:
 - (i) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Note Trustee, Receiver and any Appointee under the provisions of the Trust Deed and the other Transaction Documents, together with (if payable) VAT thereon as provided therein; and
 - (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Security Trustee, Receiver and any Appointee under the provisions of the Deed of Charge and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;

- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:
 - (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Principal Paying Agent and any costs, charges, liabilities, expenses and all other amounts then due and payable to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
 - (ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, liabilities, expenses and all other amounts then due under the provisions of the Cash Management Agreement, together with (if payable) VAT thereon as provided therein;
 - (iii) any amounts then due and payable to the ALBA 2006 Servicer and the ALBA 2006 Legal Title Holder and any fees, costs, charges, liabilities and expenses then due under the provisions of the ALBA 2006 Servicing Agreement and the Deed of Assignment of Legal Title and any fee letter related thereto, together with (if payable) VAT thereon as provided therein;
 - (iv) any amounts then due and payable to the ALBA 2015 Servicer and the ALBA 2015 Legal Title Holder and any fees, costs, charges, liabilities and expenses then due under the provisions of the ALBA 2015 Servicing Agreement and any fee letter related thereto, together with (if payable) VAT thereon as provided therein;
 - (v) any amounts then due and payable to the Back-Up Servicer Facilitator including any fees, costs, charges, liabilities and expenses then due to the Back-Up Servicer Facilitator under the provisions of the ALBA 2006 Servicing Agreement and the ALBA 2015 Servicing Agreement, together with (if payable) VAT thereon as provided therein;
 - (vi) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, liabilities and expenses then due and payable to the Corporate Services Provider under the provisions of the Corporate Services Agreement together with (if payable) VAT thereon as provided therein;
 - (vii) any amounts then due and payable to the Issuer Account Bank and any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Issuer Account Bank

under the provisions of the Bank Account Agreement, together with (if payable) VAT thereon as provided therein; and

- (viii) any amounts then due and payable to the Collection Account Bank and any fees, costs, charges, liabilities and expenses then due under the provisions of ALBA 2006 Collection Account Agreement and the ALBA 2015 Collection Account Agreement, together with (if applicable) VAT thereon as provided therein;
- (c) *third*, in or towards satisfaction of any Transfer Costs which the relevant Servicer has failed to pay pursuant to the ALBA 2006 Servicing Agreement or ALBA 2015 Servicing Agreement (as applicable);
- (d) *fourth*, to pay, *pro rata* and *pari passu*, interest due and payable on the Class A Notes;
- (e) *fifth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amount thereof, principal due and payable on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (f) *sixth*, to pay, *pro rata* and *pari passu*, interest due and payable on the Class B Notes;
- (g) *seventh*, to pay, *pro rata* and *pari passu*, principal due and payable on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
- (h) *eighth*, to pay, *pro rata* and *pari passu*, interest due and payable on the Class C Notes;
- (i) *ninth*, to pay, *pro rata* and *pari passu*, principal due and payable on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
- (j) *tenth*, to pay, *pro rata* and *pari passu*, interest due and payable on the Class D Notes;
- (k) *eleventh*, to pay, *pro rata* and *pari passu*, principal due and payable on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero;
- (l) *twelfth*, to pay, *pro rata* and *pari passu*, interest due and payable on the Class E Notes;
- (m) *thirteenth*, to pay, *pro rata* and *pari passu*, principal due and payable on the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero;
- (n) *fourteenth*, to pay, *pro rata* and *pari passu*, interest due and payable on the Class F Notes;
- (o) *fifteenth*, to pay, *pro rata* and *pari passu*, principal due and payable on the Class F Notes until the Principal Amount Outstanding on the Class F Notes has been reduced to zero;
- (p) *sixteenth*, to pay, *pro rata* and *pari passu*, principal due and payable on the Class G Notes until the Principal Amount Outstanding on the Class G Notes has been reduced to zero;
- (q) *seventeenth*, to pay, *pro rata* and *pari passu*, interest due and payable on the Class X1 Notes;
- (r) *eighteenth*, in or towards repayment, *pro rata* and *pari passu*, principal due and payable on the Class X1 Notes until the Principal Amount Outstanding on the Class X1 Notes has been reduced to zero;
- (s) *nineteenth*, to pay, *pro rata* and *pari passu*, interest due and payable on the Class X2 Notes;

- (t) *twentieth*, in or towards repayment, *pro rata* and *pari passu*, principal due and payable on the Class X2 Notes until the Principal Amount Outstanding on the Class X2 Notes has been reduced to zero;
- (u) *twenty-first*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, principal due and payable on the Class Z1 Notes until the Principal Amount Outstanding on the Class Z1 Notes has been reduced to zero;
- (v) *twenty-second*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, principal due and payable on the Class Z2 Notes until the Principal Amount Outstanding on the Class Z2 Notes has been reduced to zero;
- (w) *twenty-third* , any Third Party Expenses (if any) and any amounts in excess of amounts already credited to the Issuer Profit Ledger prior to such Interest Payment Date and required to discharge any liability of the Issuer for corporation tax of the Issuer;
- (x) *twenty-fourth* , to pay the Issuer Profit Amount; and
- (y) *twenty-fifth*, any excess amounts *pro rata* and *pari passu* to the Certificateholders.

DESCRIPTION OF THE GLOBAL NOTES

General

Each Class of Notes as at the Closing Date will each be represented by a Global Note. All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Global Notes will be registered in the name of a nominee of the Common Safekeeper as nominee for both Euroclear and Clearstream, Luxembourg. The Registrar will maintain a register in which it will register the nominee for the Common Safekeeper as the owner of the Global Note.

Upon confirmation by the Common Safekeeper that it has custody of the Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record in book-entry form interests representing beneficial interests in the Global Note attributable thereto ("**Book-Entry Interests**").

Book-Entry Interests in respect of each Global Note will be recorded in denominations of £100,000 and higher integral multiples of £1,000 (an "**Authorised Denomination**"). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg ("**Participants**") or persons that hold interests in the Book-Entry Interests or the Residual Certificate Book-Entry Interests through Participants or through other Indirect Participants ("**Indirect Participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Arranger. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

So long as a nominee for the Common Safekeeper is the registered holder of the Global Note underlying the Book-Entry Interests, the nominee for the Common Safekeeper will be considered the sole Noteholder of the Global Note for all purposes under the Trust Deed. Except as set out under the section entitled "*Issuance of Registered Definitive Notes*", below, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes under the Trust Deed. See the section entitled "*Action in respect of the Global Notes and the Book-Entry Interests*", below.

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Global Note, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg

unless and until Registered Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

In the case of a Global Note, unless and until Book-Entry Interests are exchanged for Registered Definitive Notes, the Global Note held by the Common Safekeeper may not be transferred except as a whole by the Common Safekeeper to a successor of the Common Safekeeper.

Purchasers of Book-Entry Interests in a Global Note will hold Book-Entry Interests in the Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out under the section entitled "*Transfers and Transfer Restrictions*", below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in the Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

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

Payments on the Global Notes

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Sterling by or to the order of Citibank, N.A., London Branch (the "**Principal Paying Agent**"), on behalf of the Issuer to the order of the Common Safekeeper or its nominee as the registered holder thereof with respect to the Global Notes. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Safekeeper or their nominees in respect of those Book-Entry Interests. All such payments will be distributed without deduction or withholding for or on account of any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer, the Paying Agents nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the order of the Common Safekeeper, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the "**Record Date**") Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The Record Date in respect of the Notes (i) where the Notes are in global registered form, shall be at the close of the Business Day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to the relevant Interest Payment Date and (ii) where the Notes are in definitive registered form, shall be the date falling 15 days prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arranger, the Lead Manager, the Note Trustee or the Security Trustee will have any responsibility or liability for any aspect of the records relating to or

payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

- Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.
- Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.
- Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.
- An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer, the Note Trustee or the Security Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

Redemption

In the event that a Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the order of the Common Safekeeper and, upon final payment, will surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. Appropriate entries will be made in the Register. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of the Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be, deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

Cancellation

Cancellation of any Note represented by a Global Note and required by the Conditions to be cancelled following its redemption will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant schedule thereto and the corresponding entry on the Register.

Transfers and Transfer Restrictions

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants. See "*General*" above.

Issuance of Registered Definitive Notes

Holders of Book-Entry Interests in the Global Note will be entitled to receive Notes in definitive registered form (such as exchanged Global Notes in definitive registered form, "**Registered Definitive Notes**") in exchange for their respective holdings of Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things and no alternative clearing system satisfactory to the Note Trustee is available or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive registered form. Any Registered Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Registered Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will not be entitled to exchange such Registered Definitive Notes for Book-Entry Interests in such Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set out under "*Transfers and Transfer Restrictions*" above and provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Registered Definitive Notes will be issued in a denomination that is an integral multiple of the minimum Authorised Denomination. See "*Risk Factors – Counterparty Risks*".

Action in respect of the Global Notes and the Book-Entry Interests

Not later than 10 days after receipt by the Issuer of any notices in respect of a Global Note or any notice of solicitation of consents or requests for a waiver or other action by the holder of such Global Note, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Note and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Note in accordance with any instructions set out in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "*General*" above with respect to soliciting instructions from their respective

Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

Notices

Whilst the Notes are represented by Global Notes the Issuer may, at its option, send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to Noteholders for communication by Euroclear and Clearstream, Luxembourg to the Noteholders. Alternatively, such notices regarding the Notes may instead be published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom; provided that if, at any time, the Issuer procures that the information contained in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders, publication in such newspaper shall not be required with respect to such information so long as the rules of Euronext Dublin allow. The Issuer may elect not to publish any notice in a newspaper for so long as the Notes are held in global form and notice is given to Euroclear and Clearstream, Luxembourg. The Note Trustee may, in accordance with Condition 16.2 (*Note Trustee's Discretion to Select Alternative Method*) sanction other methods of giving notice to all or some of the Noteholders if such method is reasonable having regard to, among other things, the market practice then prevailing and the requirements of the relevant stock exchange. See also Condition 16 (*Notice to Noteholders*) of the Notes.

Eurosystem eligibility

The Notes are intended to be held in the new safekeeping structure which will allow Eurosystem eligibility. This simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

DESCRIPTION OF THE GLOBAL RESIDUAL CERTIFICATE

General

The Residual Certificates, as at the Closing Date, will be represented by a Global Residual Certificate. The Global Residual Certificate will be registered on issue on or around the Closing Date in the name of a nominee of the Common Safekeeper as nominee for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"). The Registrar will maintain a register in which it will register the nominee for the Common Safekeeper as the holder of the Global Residual Certificate.

Upon confirmation by the Common Safekeeper that it has been issued with the Global Residual Certificate, Euroclear or Clearstream, Luxembourg, as the case may be, will record the beneficial interests in the Global Residual Certificate ("**Residual Certificate Book-Entry Interests**") representing beneficial interests in the Residual Certificates attributable thereto.

Ownership of Residual Certificate Book-Entry Interests will be limited to Participants or Indirect Participants, including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants will also include persons that hold beneficial interests through such Indirect Participants. Residual Certificate Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Residual Certificate Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Seller. Ownership of Residual Certificate Book-Entry Interests will be shown on, and transfers of Residual Certificate Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Residual Certificate Book-Entry Interests.

So long as the nominee of the Common Safekeeper is the registered holder of the Global Residual Certificate underlying the Residual Certificate Book-Entry Interests, it will be considered the sole Certificateholder of the Residual Certificate represented by that Global Residual Certificate for all purposes under the Trust Deed. Except as set out under the section below entitled "*Issuance of Definitive Residual Certificates*", Participants or Indirect Participants will not receive or be entitled to receive physical delivery of Residual Certificates in definitive form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Residual Certificate Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Residual Certificate Book-Entry Interests, to exercise any rights and obligations of a holder of Residual Certificates under the Trust Deed. See the section below entitled "*Action in respect of the Global Residual Certificate and the Residual Certificate Book-Entry Interests*".

Unlike legal owners or holders of the Residual Certificates, holders of the Residual Certificate Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Certificateholders. Instead, a holder of Residual Certificate Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Residual Certificate Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default, holders of Residual Certificate Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until

Definitive Residual Certificates are issued in accordance with the Residual Certificates Conditions. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Unless and until Residual Certificate Book-Entry Interests are exchanged for Definitive Residual Certificates, the Global Residual Certificate held by the nominee for the Common Safekeeper may not be transferred except as a whole by that nominee for the Common Safekeeper to a successor nominee for that Common Safekeeper or a nominee of a successor of the Common Safekeeper.

Purchasers of Residual Certificate Book-Entry Interests in a Global Residual Certificate will hold Residual Certificate Book-Entry Interests in the Global Residual Certificate relating thereto. Investors may hold their Residual Certificate Book-Entry Interests in respect of a Global Residual Certificate directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out in the section below entitled "*Transfers and Transfer Restrictions*"), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Residual Certificate Book-Entry Interests in the Global Residual Certificate on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

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

Issuance of Definitive Residual Certificates

The Global Residual Certificate will become exchangeable in whole, but not in part, for Definitive Residual Certificates at the request of the holder of the relevant Global Residual Certificate if Euroclear or Clearstream, Luxembourg closes for business on a permanent basis without a successor to act as a clearing system with respect to the Global Residual Certificate (the "**Exchange Event**").

Any Definitive Residual Certificate issued in exchange for Residual Certificate Book-Entry Interests in the Global Residual Certificate will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Residual Certificate Book-Entry Interests. Whenever a Global Residual Certificate is to be exchanged for Definitive Residual Certificates, the Issuer shall procure the prompt delivery (free of charge to the holders of the Residual Certificate Book-Entry Interests) of such Definitive Residual Certificates, duly authenticated, in an aggregate principal amount equal to the principal amount of the relevant Global Residual Certificate within 30 days of the occurrence of the Exchange Event.

Payments on Global Residual Certificate

Payment of amounts due in respect of the Global Residual Certificate will be made in Sterling by or to the order of the Principal Paying Agent on behalf of the Issuer to the order of the Common Safekeeper or its nominee as the registered holder thereof with respect to the Global Residual Certificate.

Each holder of Residual Certificate Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Safekeeper or its nominee in respect of those Residual Certificate Book-Entry Interests. All

such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then none of the Issuer, the Principal Paying Agent or any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the Common Safekeeper, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Residual Certificate Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the "**Record Date**"), Euroclear and Clearstream, Luxembourg will determine the identity of the Participants for the purposes of making payments under the Global Residual Certificate. The Record Date in respect of the Global Residual Certificate shall be as at the close of business on the Business Day prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Residual Certificate Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arranger, the Lead Manager, the Note Trustee or the Security Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Residual Certificate Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Residual Certificate Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

- Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of Residual Certificates and any risk from lack of simultaneous transfers of securities.
- Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing.
- Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established safekeeper and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.
- Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.
- An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer, the Note Trustee or the Security Trustee requests any action of owners of Residual Certificate Book-Entry Interests or if an owner of a Residual Certificate Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the Participants owning the relevant Residual Certificate Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

Transfers and Transfer Restrictions

All transfers of Residual Certificate Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants (see the section above entitled "*General*").

Beneficial interests in the Global Residual Certificate may be held only through Euroclear or Clearstream, Luxembourg. The Global Residual Certificate will bear a legend similar to that appearing under the section of this Prospectus entitled "*Transfer Restrictions and Investor Representations*", and neither the Global Residual Certificate nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set out in the legend appearing in the relevant Global Residual Certificate.

Action in respect of the Global Residual Certificate and the Residual Certificate Book-Entry Interests

Not later than 10 days after receipt by the Issuer of any notice in respect of the Global Residual Certificate or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Residual Certificate, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Residual Certificate Book-Entry Interests or the Global Residual Certificate and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Residual Certificate Book-Entry Interests or the Global Residual Certificate in accordance with any instructions set out in such request. Euroclear and Clearstream, Luxembourg are expected to follow the procedures described under the section above entitled "*General*", with respect to soliciting instructions from their respective Participants.

Notices

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to Certificateholders for communication by Euroclear and Clearstream, Luxembourg to the Certificateholders and shall procure that the information contained in such notice shall appear on a Relevant Screen (see also Residual Certificates Condition 15 (*Notice to Certificateholders*)). The Note Trustee may in accordance with the Residual Certificates Condition 15.2 (*Note Trustee's Discretion to Select Alternative Method*) sanction other methods of giving notice to all or some of the Certificateholders, if such method is reasonable having regard to the then prevailing market practice.

Eurosystem eligibility

The Residual Certificates are intended to be held in the new safekeeping structure which will allow Eurosystem eligibility. This simply means that the Residual Certificates are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Residual Certificates will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit

operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below).

1. GENERAL

The £189,600,000 Class A mortgage backed floating rate notes due March 2052 (the "**Class A Notes**"), the £17,300,000 Class B mortgage backed notes due March 2052 (the "**Class B Notes**"), the £12,400,000 Class C mortgage backed notes due March 2052 (the "**Class C Notes**"), the £9,300,000 Class D mortgage backed notes due March 2052 (the "**Class D Notes**"), the £4,400,000 Class E mortgage backed notes due March 2052 (the "**Class E Notes**") the £2,500,000 Class F mortgage backed notes due March 2052 (the "**Class F Notes**") and together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes the "**Rated Notes**", the £3,800,000 Class G mortgage backed notes due March 2052 (the "**Class G Notes**"), the £1,750,000 Class X1 notes due March 2052 (the "**Class X1 Notes**"), the £1,250,000 Class X2 notes due March 2052 (the "**Class X2 Notes**" and together with the Class X1 Notes, the "**Class X Notes**"), the £8,630,000 Class Z1 notes due March 2052 (the "**Class Z1 Notes**") and the £4,580,000 Class Z2 notes due May March 2052 (the "**Class Z2 Notes**" together with the Class Z1 Notes, the "**Class Z Notes**") and together with the Rated Notes, the Class G Notes and the Class X Notes, the "**Notes**", in each case of Stratton Mortgage Funding 2020-1 plc (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated on 24 August 2020 (the "**Closing Date**") and made between, among others, the Issuer and Citicorp Trustee Company Limited as trustee for the Noteholders (in such capacity, the "**Note Trustee**" which term shall, where the context so permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Deed). Any reference in these terms and conditions (the "**Conditions**") to a "**Class**" of Notes or of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class X Notes or the Class Z Notes, as the case may be, or to the respective holders thereof. Any reference in these Conditions to the Noteholders means the registered holders for the time being of the Notes, or if preceded by a particular Class designation of Notes, the registered holders for the time being of such Class of Notes. The security for the Notes is constituted by a deed of charge and assignment (the "**Deed of Charge**") dated on the Closing Date and made between, among others, the Issuer and Citicorp Trustee Company Limited as trustee for the Secured Creditors (in such capacity, the "**Security Trustee**" which term shall, where the context so permits, include all other persons or companies for the time being acting as trustee or trustees under the Deed of Charge).

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or prior to the Closing Date and made between the Issuer, the Note Trustee, the Security Trustee, Citibank, N.A., London Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agent appointed under the Agency Agreement, the "**Paying Agent**"), Citibank, N.A., London Branch as registrar (in such capacity, the "**Registrar**") and Citibank, N.A., London Branch as agent bank (in such capacity, the "**Agent Bank**"), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes. References to the "**Principal Paying Agent**", the "**Registrar**", the "**Agent Bank**" and the "**Paying Agents**" below are references to the principal paying agent, the registrar, the agent bank and the paying agents for the time being for the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and a master definitions and construction schedule (the "**Master Definitions and Construction Schedule**") entered into by,

among others, the Issuer, the Note Trustee and the Security Trustee on the Closing Date and the other Transaction Documents (as defined therein).

Physical copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents (in case of the Scottish Declaration of Trust, with the schedule thereto duly redacted) are available for inspection during normal business hours at the specified office for the time being of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

2. INTERPRETATION

2.1 Definitions

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule available as described above.

2.2 Interpretation

These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

3. FORM, DENOMINATION AND TITLE

3.1 Form and Denomination

Each Class of Notes will initially be represented by a global note certificate in registered form (a "**Global Note**").

For so long as any of the Notes are represented by a Global Note, transfers and exchanges of beneficial interests in such Global Note and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), as appropriate. Each Global Note will be deposited with and registered in the name of a nominee of a common safekeeper for Euroclear and Clearstream, Luxembourg.

For so long as the Notes are represented by a Global Note, and for so long as Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in the minimum nominal amount of £100,000 and higher integral multiples of £1,000, notwithstanding that no Registered Definitive Notes (as defined below) will be issued with a denomination above £199,000. A Global Note will be exchanged for the relevant Note in definitive registered form (such exchanged Global Notes in definitive registered form, the "**Registered Definitive Notes**") only if either of the following applies:

- (a) both Euroclear and Clearstream, Luxembourg:
 - (i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or
 - (ii) announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things,

and in either case no alternative clearing system satisfactory to the Note Trustee is available;
or

- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Notes which would not be required were the relevant Notes in definitive registered form.

If Registered Definitive Notes are issued in respect of Notes originally represented by a Global Note, the beneficial interests represented by such Global Note shall be exchanged by the Issuer for the relevant Notes in registered definitive form. The aggregate principal amount of the Registered Definitive Notes shall be equal to the Principal Amount Outstanding of the Notes at the date on which notice of exchange is given of the Global Note, subject to and in accordance with the detailed provisions of these Conditions, the Agency Agreement, the Trust Deed and the relevant Global Note.

Registered Definitive Notes (which, if issued, will be in the denomination set out below) will be serially numbered and will be issued in registered form only.

The minimum denomination of the Notes in global and (if issued and printed) definitive form will be £100,000.

References to "**Notes**" in these Conditions shall include the Global Notes and the Registered Definitive Notes.

3.2 Title

Title to the Global Notes shall pass by and upon registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Note may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Note regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to a Registered Definitive Note shall only pass by and upon registration of the transfer in the Register.

Registered Definitive Notes may be transferred upon the surrender of the relevant Registered Definitive Note, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. Such transfers shall be subject to the minimum denominations specified in Condition 3.1 (*Form and Denomination*). All transfers of Registered Definitive Notes are subject to any restrictions on transfer set out on the Registered Definitive Notes and the detailed regulations concerning transfers in the Agency Agreement.

Each new Registered Definitive Note to be issued upon transfer of such Registered Definitive Note will, within five Business Days of receipt and surrender of such Registered Definitive Note (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Registered Definitive Note to such address as may be specified in the relevant form of transfer.

Registration of a Registered Definitive Note on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

4. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

4.1 Status and relationship between the Notes

- (a) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. The Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, as provided in these Conditions and the Transaction Documents.
- (b) The Class B Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 18 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class B Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class B Notes (the "**Class B Noteholders**") will be subordinated to the interests of the persons who for the time being are registered in the Register as holders of Class A Notes (the "**Class A Noteholders**") (so long as any Class A Notes remain outstanding).
- (c) The Class C Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 18 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class C Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes and the Class B Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class C Notes (the "**Class C Noteholders**") will be subordinated to the interests of each of the Class A Noteholders and the Class B Noteholders (so long as any Class A Notes and/or any Class B Notes remain outstanding).
- (d) The Class D Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 18 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class D Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class D Notes (the "**Class D Noteholders**") will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes remain outstanding).
- (e) The Class E Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 18 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class E Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class E Notes (the "**Class E Noteholders**") will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (so long as any Class A

Notes and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes remain outstanding).

- (f) The Class F Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 18 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class F Notes rank pro rata and pari passu without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class F Notes (the **Class F Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes and/or any Class E Notes remain outstanding).
- (g) The Class G Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 18 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class G Notes rank pro rata and pari passu without preference or priority among themselves in relation to payment of principal at all times, but subordinate to the Rated Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class G Notes (the **Class G Noteholders**) will be subordinated to the interests of the holders of the Rated Notes (so long as any Rated Notes remain outstanding).
- (h) The Class X1 Notes constitute direct and secured (subject as provided in the limited recourse provisions in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. The Class X1 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest at all times, but subordinate to (prior to enforcement) all payment of interest due in respect of the Rated Notes and (following enforcement) all payments due in respect of the Rated Notes and the Class G Notes, as provided in these Conditions and the Transaction Documents. The Class X1 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate to (prior to enforcement) all payment of interest due in respect of the Rated Notes, the Class X1 Notes and the Class X2 Notes and (following enforcement) all payments due in respect of the Rated Notes and the Class G Notes and the payment of interest due on the Class X1 Notes, as provided in these Conditions and the Transaction Documents. The interests of the persons who for the time being are registered in the Register as holders of the Class X1 Notes (the "**Class X1 Noteholders**") will be subordinated to the interests of the holders of the Rated Notes and the Class G Notes (so long as any Rated Notes and/or Class G Notes remain outstanding).
- (i) The Class X2 Notes constitute direct and secured (subject as provided in the limited recourse provisions in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. The Class X2 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest at all times, but subordinate to (prior to enforcement) all payment of interest due in respect of the Rated Notes and the Class X1 Notes and (following enforcement) all payments due in respect of the Rated Notes, the Class G Notes and the Class X1 Notes, as provided in these Conditions and the Transaction Documents. The Class X2 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate to (prior to enforcement) all payment of interest due in respect of the Rated Notes and interest and principal due in respect of the Class X1 Notes and the payment of interest due on the Class X2 Notes, and (following enforcement) all payments due in respect of the Rated Notes, the Class G Notes and the Class X1 Notes and payment of interest on the Class X2 Notes, as provided in these Conditions and the Transaction Documents. The interests of the persons who for the time being are registered in the Register as holders of the Class X2 Notes (the "**Class X2 Noteholders**")

will be subordinated to the interests of the holders of the Rated Notes, the Class G Notes and the Class X1 Notes (so long as any Rated Notes and/or Class G Notes and/or Class X Notes remain outstanding).

- (j) The Class Z1 Notes constitute direct, secured and (subject as provided in the limited recourse provisions in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. The Class Z1 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate (prior to enforcement) to all payments due in respect of the Rated Notes, and the Class G Notes and (following enforcement), the Rated Notes, the Class G Notes and the Class X Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class Z1 Notes (the "**Class Z1 Noteholders**") will be subordinated to the interests of the holders of the Rated Notes, the Class G Notes and the Class X Notes (so long as any Rated Notes and/or Class G Notes and/or Class X Notes remain outstanding).
- (k) The Class Z2 Notes constitute direct, secured and (subject as provided in the limited recourse provisions in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. The Class Z2 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate (prior to enforcement) to all payments due in respect of the Rated Notes, the Class G Notes and Class Z1 Notes and following enforcement, the Rated Notes, the Class G Notes, the Class X Notes and Class Z1 Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class Z2 Notes (the "**Class Z2 Noteholders**") will be subordinated to the interests of the holders of the Rated Notes, the Class G Notes, the Class X Notes and the Class Z1 Notes (so long as any Rated Notes and/or Class G Notes and/or Class X Notes and/or Class Z1 Notes remain outstanding). The Class Z1 Noteholders together with the Class Z2 Noteholders are the "**Class Z Noteholders**".
- (l) The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of holders of each Class of the Notes as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more classes of Notes and/or the Residual Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class of Notes ranking in priority to the other relevant Classes of Notes or if there are no Notes then outstanding to the Certificateholders.
- (m) The Trust Deed also contains provisions limiting the powers of any Class of Noteholders to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Most Senior Class of Notes then outstanding. Except in certain circumstances described in Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*), the Trust Deed contains no such limitation on the powers of the holders of the Most Senior Class of Notes then outstanding, the exercise of which will be binding (save in respect of a Basic Terms Modification) on the holders of all other Classes of Notes and the Certificateholders in each case irrespective of the effect thereof on their respective interests.

As long as any Notes are outstanding but subject to Condition 13.5, the Security Trustee shall act on the instructions of the Note Trustee and not have regard to the interests of the other Secured Creditors.

4.2 Security

- (a) The security constituted by or pursuant to the Deed of Charge is granted to the Security Trustee for it to hold on trust for the Noteholders and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.
- (b) The Noteholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

5. COVENANTS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under these Conditions or any of the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertakings;
- (b) **Restrictions on activities:** (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;
- (c) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire all or any of its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (d) **Equitable and Beneficial Interest:** permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (e) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the applicable Priority of Payments which are available for distribution in accordance with the Issuer's memorandum and articles of association and with applicable laws or issue any further shares;
- (f) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;
- (g) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;
- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied, modified, terminated, postponed, waived or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released

from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;

- (i) **Bank accounts:** have an interest in any bank account other than the Deposit Account, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (j) **Purchase Notes:** purchase or otherwise acquire any Notes;
- (k) **Corporation tax:** prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the Taxation of Securitisation Companies Regulations 2006;
- (l) **VAT:** apply to become part of any group for the purposes of sections 43 to 43D of the Value Added Tax Act 1994 and the VAT (Groups: eligibility) Order (S.I. 2004/1931) with any other company or group of companies, or such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal any of the same; or
- (m) **U.S. activities:** engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

6. INTEREST

6.1 Accrual of interest

(a) *Interest Accrual*

Each Note (other than the Class G Notes and the Class Z Notes) bears interest on its Principal Amount Outstanding from (and including) the Closing Date. The Class X Notes will not bear interest on and from the Optional Redemption Date. Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from and including the due date for redemption unless, upon due presentation in accordance with Condition 7 (*Payments*), payment of the principal in respect of the Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Trust Deed.

6.2 Interest Payment Dates

Interest will be payable in arrear on each Interest Payment Date for all classes of Notes other than the Class G Notes and the Class Z Notes.

"Interest Payment Date" means the 12th day of March, June, September and December or, if such day is not a Business Day, the immediately following Business Day with the first Interest Payment Date falling in December 2020.

Interest shall accrue in the case of a Class of the Rated Notes or the Class X Notes from (and including) an Interest Payment Date (except in the case of the first Interest Period, which shall commence on (and include) the Closing Date) to (but excluding) the next following Interest Payment Date, (each such period above, an **"Interest Period"**).

No interest will be payable for the Class G Notes and the Class Z Notes. No interest will be payable for the Class X Notes on or after the Optional Redemption Date.

6.3 Rate of Interest

Rate of Interest

- (a) The rate of interest payable from time to time in respect of each class or sub-class of the Notes (each a "**Rate of Interest**" and together the "**Rates of Interest**") will be:
- (i) subject to paragraph (b) below, in respect of the Rated Notes and the Class X Notes and any Interest Period, determined on the basis of the following provisions:
 - (A) the Agent Bank will determine the Compounded Daily SONIA as at the Interest Determination Date (as defined below) in question. The Rates of Interest for the relevant Interest Period shall be the aggregate of:
 - I. in respect of the Rated Notes:
 - (i) from (and including) the Closing Date to (but excluding) the Optional Redemption Date, Compounded Daily SONIA plus the Relevant Margin; and
 - (ii) from (and including) the Optional Redemption Date, Compounded Daily SONIA plus the Step-Up Margin;
 - II. in respect of the Class X Notes:
 - (i) from (and including) the Closing Date to (but excluding) the Optional Redemption Date, Compounded Daily SONIA plus the Relevant Margin; and
 - (ii) from (and including) the Optional Redemption Date, zero per cent.;
 - (B) Notwithstanding the provisions of these Conditions, in the event the Bank of England publishes guidance as to (i) how the SONIA Reference Rate is to be determined or (ii) any rate that is to replace the SONIA Reference Rate, the Agent Bank shall, to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA for the purpose of the Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.
 - (C) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Agent Bank, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to the relevant Interest Period in place of the Relevant Margin relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the relevant Class of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on

(and excluding) that first Interest Payment Date (but applying the Relevant Margin applicable to the first Interest Period).

- (b) In the event that the Rate of Interest is less than zero per cent., the Rate of Interest shall be deemed to be zero per cent.
- (c) There will be no maximum Rate of Interest on the Rated Notes or the Class X Notes.
- (d) In these Conditions (except where otherwise defined), the expression:
 - (i) **"Business Day"** means a day (other than a Saturday or Sunday or a public holiday) on which banks are open for business in London;
 - (ii) **"Compounded Daily SONIA"** means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

"d" is the number of calendar days in the relevant Interest Period;

"d₀" is the number of Business Days in the relevant Interest Period;

"i" is a series of whole numbers from one to d₀, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period;

LBD means a Business Day;

"n_i", for any day "i", means the number of calendar days from and including such day "i" up to but excluding the following Business Day;

"p" means for any Interest Period, 5; and

"SONIA_{i-pLBD}" means in respect of any Business Day falling in the relevant Interest Period, the SONIA Reference Rate for the Business Day falling "p" Business Days prior to that Business Day "i";

- (iii) **"Interest Determination Date"** means the fifth Business Day before the Interest Payment Date in respect of the Interest Period for which the rate will apply;
- (iv) **"Interest Determination Ratio"** means, on any Interest Payment Date, (A) the aggregate Revenue Receipts calculated in the three preceding Collection Periods in respect of which all relevant Servicer Reports are available (or, where there are not at least three such previous Collection Periods, any such previous Collection Periods) divided by (B) the aggregate of all Revenue Receipts and all Redemption Receipts calculated in such Servicer Reports;

- (v) "**Observation Period**" means the period from and including the date falling "p" Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Closing Date) and ending on, but excluding, the date falling "p" Business Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling "p" Business Days prior to any other date on which a payment of interest is to be made in respect of the Notes);
- (vi) "**Reconciliation Amount**" means in respect of any Collection Period (A) the actual Redemption Receipts as determined in accordance with the available Servicer Reports, less (B) the Calculated Redemption Receipts in respect of such Collection Period, plus (C) any Reconciliation Amount not applied in previous Collection Periods;
- (vii) "**Relevant Margin**" means:
 - (A) in respect of the Class A Notes, 0.90 per cent. per annum;
 - (B) in respect of the Class B Notes, 1.6 per cent. per annum;
 - (C) in respect of the Class C Notes, 2.00 per cent. per annum;
 - (D) in respect of the Class D Notes, 2.50 per cent. per annum;
 - (E) in respect of the Class E Notes, 3.00 per cent. per annum;
 - (F) in respect of the Class F Notes, 4.00 per cent. per annum;
 - (G) in respect of the Class X1 Notes, 4.00 per cent. per annum; and
 - (H) in respect of the Class X2 Notes, 4.00 per cent. per annum.
- (viii) "**Reporting Date**" means the day falling three Business Days prior to the 12th day of each of December, March, June and September, provided that where the 12th day of a relevant calendar month is not a Business Day, the Reporting Date for that month shall be the day falling three Business Days prior to the Business Day immediately following the 12th day of that calendar month;
- (ix) "**Screen**" means Reuters Screen SONIA Page or such other page as may replace Reuters Screen SONIA on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Note Trustee) as may replace such screen;
- (x) "**Servicer Report**" means a report to be provided by each Servicer no later than 10:00 a.m. on the Servicer Reporting Date in accordance with the terms of the ALBA 2006 Servicing Agreement or ALBA 2015 Servicing Agreement (as applicable) and detailing, *inter alia*, the information relating to the Portfolio necessary to produce the Investor Report and the SR Investor Report;
- (xi) "**SONIA Reference Rate**" means in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Screen or, if the Screen is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately

following such Business Day). If, in respect of any Business Day in the relevant Observation Period, the Agent Bank determines that the SONIA Reference Rate is not available on the Screen or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant Business Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate;

(xii) "**Step-Up Margin**" means,

(A) in respect of the Class A Notes, 1.80 per cent. per annum;

(B) in respect of the Class B Notes, 2.40 per cent. per annum;

(C) in respect of the Class C Notes, 3.00 per cent. per annum;

(D) in respect of the Class D Notes, 3.75 per cent. per annum;

(E) in respect of the Class E Notes, 4.50 per cent. per annum; and

(F) in respect of the Class F Notes 6.00 per cent. per annum.

6.4 Determination of Rates of Interest and Interest Amounts

The Agent Bank shall, as soon as practicable on the Interest Determination Date falling in such Interest Period, but in no event later than the third Business Day thereafter, determine the Sterling amount (the "**Interest Amounts**") payable in respect of interest on the Principal Amount Outstanding of each Class of the Notes for the relevant Interest Period.

The Interest Amounts shall, in respect of a Class of Rated Notes and the Class X Notes be determined by applying the relevant Rate of Interest to the Principal Amount Outstanding of such Class of Rated Notes or Class X Notes (as applicable) and multiplying the sum by the actual number of days in the Interest Period concerned divided by 365 and rounding the figure downwards to the nearest penny.

6.5 Publication of Rates of Interest and Interest Amounts

The Agent Bank shall cause the Rate of Interest and the Interest Amounts for each Class of Notes (other than the Class G Notes and Class Z Notes) in respect of each Interest Period and each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Note Trustee, the Registrar and the Paying Agents (as applicable) and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 16 (*Notice to Noteholders*) as soon as possible after their determination and in no event later than three Business Days prior to the immediately succeeding Interest Payment Date. The Interest Amounts and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

6.6 Determination by the Note Trustee

The Note Trustee may, without liability therefor, if the Agent Bank defaults at any time in its obligation to determine the Rates of Interest and the Interest Amounts in accordance with the above

provisions and the Note Trustee has been notified of such default by the Cash Manager, determine or cause to be determined the Rates of Interest and the Interest Amounts, it shall deem fair and reasonable in all the circumstances and the latter in the manner provided in Condition 6.4 (*Determination of Rates of Interest and Interest Amounts*). In each case, the Note Trustee may, at the expense of the Issuer, engage an expert to make the determination and any such determination shall be deemed to be determinations made by the Agent Bank.

6.7 Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether by the Agent Bank, the Cash Manager or the Note Trustee, will (in the absence of wilful default, gross negligence, fraud or manifest error) be binding on the Issuer, the Cash Manager, the Note Trustee, the Agent Bank, the Registrar, the Paying Agents and all Noteholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Issuer or the Noteholders shall attach to the Cash Manager, the Agent Bank, or if applicable, the Note Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 6.

6.8 Agent Bank

The Issuer shall procure that, so long as any of the Notes remain outstanding, there is at all times an agent bank for the purposes of the Notes. The Issuer may, subject to the prior written approval of the Note Trustee, terminate the appointment of the Agent Bank and shall, in the event of the appointed office of any bank being unable or unwilling to continue to act as the agent bank or failing duly to determine the Rate of Interest or the Interest Amounts in respect of any Class of Notes for any Interest Period, subject to the prior written approval of the Note Trustee, appoint another major bank engaged in the relevant interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed pursuant to the terms of the Agency Agreement.

6.9 Determinations and Reconciliation

- (a) In the event that the Cash Manager does not receive a Servicer Report with respect to a Collection Period (each such period, a "**Determination Period**"), then the Cash Manager shall use the Servicer Report in respect of the three most recent Collection Periods in respect of which all relevant Servicer Reports are available (or, where there are not at least three such previous Collection Periods, any such previous Collection Periods) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in Condition 6.9(b). When the Cash Manager receives the Servicer Report relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 6.9(c). Any (i) calculations properly made on the basis of such estimates in accordance with Conditions 6.9(b) and/or 6.9(c); (ii) payments made under any of the Notes, Certificates and Transaction Documents in accordance with such calculations; and (iii) reconciliation calculations and reconciliation payments made as a result of such reconciliation calculations, each in accordance with Condition 6.9(b) and/or 6.9(c), shall be deemed to be made in accordance with the provisions of the Transaction Documents and will in themselves not lead to an Event of Default and no liability will attach to the Cash Manager in connection with the exercise by it of its powers, duties and discretion for such purposes.
- (b) In respect of any Determination Period the Cash Manager shall on the Calculation Date immediately following the Determination Period:
 - (i) determine the Interest Determination Ratio (as defined in Condition 6.3(d)) by reference to the three most recent Collection Periods in respect of which all relevant Servicer Reports are

available (or, where there are not at least three such previous Collection Periods, any such previous Collection Periods) received in the preceding Collection Periods;

- (ii) calculate the Revenue Receipts for such Determination Period as the product of (A) the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the "**Calculated Revenue Receipts**"); and
 - (iii) calculate the Redemption Receipts for such Determination Period as the product of (A) 1 minus the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the "**Calculated Redemption Receipts**").
- (c) Following the end of any Determination Period, upon receipt by the Cash Manager of the relevant Servicer Report in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 6.9(b) to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amount (as defined above) as follows:
- (i) if the Reconciliation Amount is a positive number, the Cash Manager shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Revenue Ledger, as Available Redemption Receipts (with a corresponding debit of the Revenue Ledger); and
 - (ii) if the Reconciliation Amount is a negative number, the Cash Manager shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Redemption Ledger, as Available Revenue Receipts (with a corresponding debit of the Redemption Ledger),

provided that the Cash Manager shall apply such Reconciliation Amount in determining Available Revenue Receipts and Available Redemption Receipts for such Collection Period in accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Security Trustee of such Reconciliation Amount.

7. PAYMENTS

7.1 Payment of Interest and Principal

Subject to Condition 3.1 (*Form and Denomination*), payments of any amount in respect of a Note, including principal and interest, shall be made by credit or transfer to an account in sterling maintained by the payee.

7.2 Laws and Regulations

Payments of any amount in respect of a Note including principal and interest in respect of the Notes are subject, in all cases, to (a) any fiscal or other laws and regulations applicable thereto and (b) any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto. Noteholders will not be charged commissions or expenses on payments.

7.3 Payment of Interest following a Failure to pay Principal

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 6.1

(*Accrual of interest*) and Condition 6.3 (*Rate of Interest*) will be paid in accordance with this Condition 7.

7.4 Change of Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents provided that there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London, and a person appointed to perform the obligations of the Registrar with a specified office in Ireland or in London.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and will notify the Rating Agencies of such change or addition.

7.5 No Payment on non-Business Day

If the date for payment of any amount in respect of a Note is not a Presentation Date, Noteholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to further interest or other payment in respect of such delay. In this Condition 7.5, the expression "**Presentation Date**" means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

7.6 Partial Payment

If a Paying Agent makes a partial payment in respect of any Note, the Registrar will, in respect of the relevant Note, annotate the Register indicating the amount and date of such payment.

7.7 Payment of Interest

If interest is not paid in respect of a Note of any Class (other than a Class F Note or Class Z Note) on the date when due and payable (other than because the due date is not a Presentation Date (as defined in Condition 7.5 (*No Payment on non-Business Day*)) or by reason of non-compliance by the Noteholder with Condition 7.1 (*Payment of Interest and Principal*)), then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such Note until such interest and interest thereon are available for payment and notice thereof has been duly given in accordance with Condition 16 (*Notice to Noteholders*).

8. REDEMPTION

8.1 Redemption at Maturity

Unless previously redeemed in full or purchased and cancelled as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Interest Payment Date falling in March 2052 (the "**Final Maturity Date**").

8.2 Mandatory Redemption prior to the service of an Enforcement Notice

- (a) Prior to the service of an Enforcement Notice, each Class of Notes shall be redeemed on each Interest Payment Date in an amount equal to the Available Redemption Receipts available for such purpose in accordance with the Pre-Enforcement Redemption Priority of Payments which shall be applied in the following order of priority:

- (i) to repay the Class A Notes until they are each repaid in full; and thereafter
 - (ii) to repay the Class B Notes until they are each repaid in full; and thereafter
 - (iii) to repay the Class C Notes until they are each repaid in full; and thereafter
 - (iv) to repay the Class D Notes until they are each repaid in full; and thereafter
 - (v) to repay the Class E Notes until they are repaid in full; and thereafter
 - (vi) to repay the Class F Notes until they are repaid in full; and thereafter
 - (vii) to repay the Class G Notes until they are repaid in full; and thereafter
 - (viii) to repay the Class Z1 Notes until they are each repaid in full; and thereafter
 - (ix) to repay the Class Z2 Notes until they are each repaid in full.
- (b) Prior to the Optional Redemption Date, the Class X Notes shall be redeemed on each Interest Payment Date in an amount equal to the Available Revenue Receipts available for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments.
- (c) The Principal Amount Outstanding of each Class of Notes shall be redeemed on each Interest Payment Date in accordance with the relevant Priority of Payments. The principal amount to be redeemed in respect of a Class of Notes (the "**Note Principal Payment**") on any Interest Payment Date prior to the service of an Enforcement Notice shall be the Available Redemption Receipts and/or Available Revenue Receipts (as applicable) available for such purpose on such Interest Payment Date in accordance with the relevant Priority of Payments, as calculated on the Calculation Date immediately preceding such Interest Payment Date, multiplied by the relevant Note Factor. With respect to each Note on (or as soon as practicable after) each Calculation Date, the Issuer shall determine (or cause the Cash Manager to determine) (i) the amount of any Note Principal Payment due on the Interest Payment Date next following such Calculation Date, (ii) the Principal Amount Outstanding of each such Note and (iii) the fraction expressed as a decimal to the sixth decimal point (the "**Note Factor**"), of which the numerator is the Principal Amount Outstanding of that Note (as referred to in sub-paragraph (ii) above) and the denominator, is the Principal Amount Outstanding of the relevant Class of Notes. Each determination by or on behalf of the Issuer of any principal repayment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default or manifest error) be final and binding on all persons.
- (d) The Issuer will cause each determination of a principal repayment, Principal Amount Outstanding and Note Factor to be notified not less than two Business Days prior to the relevant Interest Payment Date to the Note Trustee, the Paying Agents, the Agent Bank and (for so long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on its Regulated Market) Euronext Dublin, and will immediately cause notice of each such determination to be given in accordance with Condition 16 (*Notice to Noteholders*) not later than two Business Days prior to the relevant Interest Payment Date. If no principal repayment is due to be made on the Notes on any Interest Payment Date a notice to this effect will be given to the holders of the Notes.

8.3 Mandatory Redemption of the Notes in full

- (a) On or after the Optional Redemption Date

On giving not more than 30 days' nor fewer than five Business Days' notice by the Issuer to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, on any

Interest Payment Date on or after the Optional Redemption Date and following the sale of the Loans and their Related Security comprising the Portfolio in accordance with the provisions of the Deed Poll, the Optional Purchase Price together with all amounts standing to the credit of the Liquidity Reserve Fund Ledger and any Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date will be applied in accordance with the Post-Enforcement Priority of Payments with the result that the Notes will be redeemed in full in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice*).

(b) Ten per cent. clean-up call

On giving not more than 60 days' nor fewer than 14 Business Days' notice by the Issuer to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, on any Interest Payment Date following the sale of the Loans and their Related Security comprising the Portfolio in accordance with the provisions of the Deed Poll where the aggregate Outstanding Principal Balance of the Loans (excluding any Enforced Loans) was equal to or less than 10 per cent. of the aggregate Outstanding Principal Balance of the Loans comprising the Portfolio on the Portfolio Cut-Off Date, the Optional Purchase Price together with all amounts standing to the credit of the Liquidity Reserve Fund Ledger and any Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date will be applied in accordance with the Post-Enforcement Priority of Payments with the result that the Notes will be redeemed in full on such Interest Payment Date in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice*).

(c) Following a market sale

On giving not more than 30 days' nor fewer than five Business Days' notice to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, on any Interest Payment Date on or after the sale of the Loans and their Related Security comprising the Portfolio to the Winning Bidder in accordance with the provisions of the Deed Poll, a portion of the proceeds of the sale shall be paid directly by the Winning Bidder (on behalf of the Issuer) to the Liquidation Agent for its fees, and expenses and the remaining proceeds of the sale, together with all amounts standing to the credit of the Liquidity Reserve Fund Ledger and any Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on such Interest Payment Date, will be applied in accordance with the Post-Enforcement Priority of Payments with the result that the Rated Notes, the Class G Notes and the Class X Notes will be redeemed in full in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice*).

8.4 Mandatory Redemption in full pursuant to a Risk Retention Regulatory Change Option

- (a) On the Interest Payment Date falling on or immediately following the Risk Retention Regulatory Change Option Date following the sale of the Loans pursuant to the Risk Retention Regulatory Change Option, the full amount of the Risk Retention Regulatory Change Option Purchase Price, together with all amounts standing to the credit of the Liquidity Reserve Fund Ledger and all Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Risk Retention Regulatory Change Option Date will be applied in accordance with the Post-Enforcement Priority of Payments with the result that the Notes will be redeemed in full in accordance with this Condition 8.4.

- (b) Any Note redeemed pursuant to Condition 8.4(a) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to and including the Interest Payment Date immediately following the Risk Retention Regulatory Change Option Date.

8.5 Mandatory Redemption for Taxation or Other Reasons

If:

- (a) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Notes) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax; or
- (b) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any of the Notes,

then the Issuer shall, if the same would avoid the effect of such relevant event described in paragraph (a), or (b) above, appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange for the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Notes and the Trust Deed, **provided that:**

- (i) the Note Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the holders of the Rated Notes, the Class G Notes and the Class X Notes (and in making such determination, the Note Trustee may rely, without further investigation or inquiry, on (A) any confirmation made orally to the Issuer (in which case the Issuer shall confirm the same in writing to the Note Trustee) or in writing from each of the Rating Agencies that the then current ratings of the Rated Notes would not be adversely affected by such substitution or (B) if no such confirmation from the Rating Agencies is forthcoming and the Issuer has certified to the Cash Manager, the Note Trustee and the Security Trustee that such proposed action (I) (while any Rated Notes remain outstanding) has been notified to the Rating Agencies, (II) would not have an adverse impact on the Issuer's ability to make payment when due in respect of the Notes, (III) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security and (IV) (while any of the Rated Notes remain outstanding) would not have an adverse effect on the rating of the Rated Notes) (upon which confirmation or certificate the Note Trustee, the Cash Manager and Security Trustee shall be entitled to rely absolutely without liability to any person for so doing); and
- (ii) such substitution would not require registration of any new security under U.S. securities laws or materially increase the disclosure requirements under U.S. law.

A "**Redemption Event**" shall occur if the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that one or more of the events described in paragraph (a), or (b) above is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution.

On any Interest Payment Date following the date on which the Loans and their Related Security comprising the Portfolio are sold pursuant to the Deed Poll following the occurrence of a Redemption Event, the Optional Purchase Price together with all amounts standing to the credit of the Liquidity Reserve Fund Ledger and any Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date will be applied in accordance with the Post-Enforcement Priority of Payments with the result that the Notes will be redeemed in full in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice*). The Issuer shall give not more than 60 days' nor fewer than 30 Business Days' notice of any such redemption of the Notes to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee.

8.6 Refinancing Call Option

The Issuer may, in consultation with the Option Holder and the Retention Holder, issue further notes (the "**Refinancing Notes**") on or after the Optional Redemption Date (any such date of refinancing being an "**Optional Refinancing Date**") provided that the proceeds of any such Refinancing Notes must be of an amount equal to or greater than the Refinancing Notes Minimum Issuance Amount.

On giving not more than 30 days' nor less than five Business Days' notice to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, following the exercise of the Refinancing Call Option, some or all of the proceeds of the issuance of Refinancing Notes and other amounts available to the Issuer for application will be applied in accordance with the Post-Enforcement Priority of Payments on the Interest Payment Date falling on or immediately following the Optional Refinancing Date in an amount sufficient to redeem the Notes in full in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice*).

"**Refinancing Call Option**" means the option of the Issuer, on giving not more than 30 nor less than five Business Days' notice to the holders of the Notes and the Note Trustee in accordance with this Condition 8.6, to redeem (in full and not in part) any Notes outstanding on any Interest Payment Date falling on and from the Optional Redemption Date using some or all of the proceeds of the issuance of Refinancing Notes together with other amounts available to the Issuer and deemed to be expressly available for such purposes;

8.7 Principal Amount Outstanding

The "**Principal Amount Outstanding**" of each Class of Notes on any date shall be, in each case, their original principal amount, in respect of the Class A Notes of £189,600,000, in respect of the Class B Notes of £17,300,000, in respect of the Class C Notes of £12,400,000, in respect of the Class D Notes of £9,300,000, in respect of the Class E Notes of £4,400,000, in respect of the Class F Notes of £2,500,000, in respect of the Class Z1 Notes of £8,630,000, in respect of the Class Z2 Notes of £4,580,000, in respect of the Class G Notes of £3,800,000, in respect of the Class X1 Notes of £1,750,000, in each case less the aggregate amount of all principal payments in respect of such Class of Notes and in respect of the Class X2 Notes of £1,250,000 which have been made since the Closing Date.

8.8 Notice of Redemption

Any such notice as is referred to in Condition 8.3 (*Mandatory Redemption of the Notes in full*), Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*) or Condition 8.6 (*Refinancing Call Option*) shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above. Any certificate or legal opinion given by or on behalf of the Issuer pursuant to the Deed Poll may be relied on by the

Note Trustee absolutely without any liability to any person for so doing and without further investigation and, if so relied on, shall be conclusive and binding on the Noteholders.

8.9 No Purchase by the Issuer

The Issuer will not be permitted to purchase any of the Notes.

8.10 Cancellation on redemption in full

All Notes redeemed in full will be cancelled upon redemption. Notes cancelled upon redemption in full may not be resold or re-issued.

9. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including income tax, corporation tax, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon ("**Taxes**"), unless the withholding or deduction of the Taxes is required by applicable law. In that event, subject to Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*), the Issuer or, as the case may be, the Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent nor any other person shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

10. PRESCRIPTION

Claims in respect of principal and interest on the Notes will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the relevant payment.

In this Condition 10, the "**Relevant Date**", in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies has been received, and notice to that effect is duly given to the relevant Noteholders in accordance with Condition 16 (*Notice to Noteholders*).

11. EVENTS OF DEFAULT

11.1 Notes

The Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding shall, (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed) give a notice (an "**Enforcement Notice**") to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued (but unpaid) interest as provided in the Trust Deed (with a copy of such Enforcement Notice being sent simultaneously to the Security Trustee, the relevant Legal Title Holder, the relevant Servicer, the Issuer Account Bank, the

Collection Account Bank and the Cash Manager), if any of the following events (each, an "**Event of Default**") occur:

- (a) subject to Condition 18 (*Subordination by Deferral*), if default is made in the payment of any principal or interest due in respect of the Most Senior Class of Notes and the default continues for: (i) a period of ten Business Days in the case of principal, or (ii) five Business Days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or any Transaction Document to which it is a party and the failure continues for a period of 15 Business Days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the failure to be incapable of remedy, then no continuation or notice as is aforementioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any representation or warranty made by the Issuer under any Transaction Document is incorrect when made and the matters giving rise to such misrepresentation are not remedied within a period of 15 Business Days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (d) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Noteholders; or
- (e) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Noteholders, or (ii) the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or (iii) the Issuer is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or
- (f) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with the court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order), unless initiated by the Issuer, is not discharged within 30 Business Days; or
- (g) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

"**Default**" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

11.2 General

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Condition 11.1 (*Notes*), all the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amount Outstanding, together with accrued interest as provided in the Trust Deed.

12. ENFORCEMENT

12.1 General

The Note Trustee may, at any time, at its discretion and without notice and in such manner as it thinks fit, take such proceedings, actions and/or steps, or direct the Security Trustee to take such proceedings, actions and/or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes, the Residual Certificates or the Trust Deed (including these Conditions or the Residual Certificates Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and, at any time after the service of an Enforcement Notice, the Note Trustee may, at its discretion and without notice, direct the Security Trustee to take such steps as it may think fit to enforce the Security, but neither of them shall be bound to take any such proceedings, action or steps unless:

- (a) the Note Trustee shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; and
- (b) in all cases, the Note Trustee and the Security Trustee shall have been indemnified and/or prefunded and/or secured to its satisfaction.

12.2 Preservation of Assets

If the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes or the Residual Certificates, the Security Trustee will not be entitled to dispose of any of the Charged Assets or any part thereof unless either (a) a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the holders of the Notes (and all persons ranking in priority to the holders of the Notes), or (b) the Security Trustee is of the opinion, which shall be binding on the Secured Creditors, reached after considering at any time and from time to time the advice of any financial adviser (or such other professional advisers selected by the Security Trustee for the purpose of giving such advice), that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders (and all persons ranking in priority to the Noteholders as set out in the order of priority set out in the Post-Enforcement Priority of Payments). The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to in this Condition 12.2 without further enquiry and shall incur no liability to any person for so doing.

12.3 Limitations on Enforcement

No Noteholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of the Conditions or any of the provisions of the Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, provided that no Noteholder shall be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer.

12.4 Limited Recourse

Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Issuer to the Noteholders are limited in recourse to the property, assets and undertakings of the Issuer the subject of any security created under and pursuant to the Deed of Charge (the "**Charged Assets**"). If:

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

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain due or to be paid in respect of the Notes (including, for the avoidance of doubt, payments of principal, premium (if any) or interest in respect of the Notes) and the Issuer shall be deemed to be discharged from making any further payments in respect of the Notes and any further payment rights shall be extinguished.

13. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

13.1 The Trust Deed contains provisions for convening meetings of the Noteholders of each Class and, in certain cases, more than one Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents.

13.2 For the purposes of these Conditions, "**Most Senior Class of Notes**" means (i) other than in respect of Condition 11.1(a) and Condition 18, the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Class A Notes, Class B Notes, Class C Notes or Class D Notes then outstanding, the Class E Notes or, if there are no Class A Notes, Class B Notes, Class C Note, Class D Notes or Class E Notes then outstanding, the Class F Notes or if there are no Rated Notes then outstanding, the Class G Notes or, if there are no Rated Notes or Class G Notes then outstanding, the Class X1 Notes then outstanding, or, if there are no Rated Notes, Class G Notes or Class X1 Notes, the Class X2 Notes then outstanding or, if there are no Rated Notes, Class G Notes or Class X Notes then outstanding, the Class Z1 Notes, or if there are no Rated Notes, Class G Notes, Class X Notes or Class Z1 Notes then outstanding, the Class Z2 Notes; or (ii) in respect of Condition 11.1(a) and Condition 18 only, the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding,

the Class C Notes or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class D Notes.

13.3 **Limitations on Noteholders**

- (a) Subject as provided in Conditions 13.3(b) and 13.3(c):
- (i) subject to Conditions 13.3(a)(ii) and (iii), a resolution passed at any meeting of the holders of the Most Senior Class of Notes then outstanding shall be binding on such Noteholders and all other Classes of Noteholders and the Residual Certificates irrespective of the effect upon them;
 - (ii) subject to Condition 13.3(a)(iii), a resolution passed at any meeting of a relevant Class of Noteholders shall be binding on (A) such Noteholders and all other Classes of Noteholders ranking junior to such Class of Noteholders in each case and (B) the Residual Certificates, in each case irrespective of the effect it has upon them; and
 - (iii) no resolution of any Class of Noteholders shall take effect for any purpose while any of the Most Senior Class of Notes then outstanding remain outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding and in the case of the Residual Certificates all Notes ranking in priority thereto or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding and in the case of the Residual Certificates all Notes ranking in priority thereto.
- (b) Subject as provided in Condition 13.3(c), a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of Notes of only one Class or the Residual Certificates only shall be deemed to have been duly passed if passed at a separate meeting (or by a separate resolution in writing or by a separate resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of that Class of Notes so affected or the Residual Certificates.
- (c) No Extraordinary Resolution of the holders of a Class or Classes of Notes or the Residual Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Residual Certificates shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding and/or the holders of the Residual Certificates then in issue which are affected by such Basic Terms Modification, or the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the holders of those affected Class or Classes of Notes then outstanding and/or the holders of the Residual Certificates (if applicable).

13.4 **Quorum**

- (a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes for passing an Ordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.
- (b) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.
- (c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Class or Classes of Notes or holders of any Residual Certificates passing an

Extraordinary Resolution to (i) sanction a modification of the date of maturity of Notes, (ii) sanction a modification of the date of payment of principal or interest in respect of the Notes, or, where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes, or of the method of calculating the date of payment in respect of the Residual Certificates, (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of the Notes, or, where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes, or of the method of calculating the amounts payable in respect of the Residual Certificates (including, in relation to any Class of Notes or Residual Certificates, if any such modification is proposed for any Class of Notes ranking senior to such Class or the Residual Certificates in the Priorities of Payments), (iv) alter the currency in which payments under the Notes or Residual Certificates are to be made, (v) alter the quorum or majority required in relation to this exception, (vi) sanction any scheme or proposal for the sale, conversion or cancellation of the Notes or the Residual Certificates, (vii) make any change to the definition of a Basic Terms Modification, or (viii) alter any of the provisions contained in this exception (each a "**Basic Terms Modification**") shall be one or more persons holding or representing in the aggregate not less than (A) 75 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes then outstanding or (B) 75 per cent. of the Residual Certificates then in issue. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of each relevant Class of Noteholders and (if affected) the Certificateholders in accordance with the Residual Certificates Conditions.

- (d) The quorum at any adjourned meeting shall be:
- (i) for an Ordinary Resolution, one or more persons present and holding or representing not less than ten per cent. of the Principal Amount Outstanding of the Notes of such Class then outstanding;
 - (ii) (other than in relation to a Basic Terms Modification) for an Extraordinary Resolution shall be one or more persons present and holding or representing not less than 25 per cent. of the Principal Amount Outstanding of the Notes of such Class then outstanding; and
 - (iii) (in respect of a Basic Terms Modification) one or more persons present and holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of the Notes of such Class then outstanding or of the Residual Certificates then in issue.

The terms of the Trust Deed and the Deed of Charge provide for the Noteholders to give directions in writing to the Note Trustee upon which the Note Trustee is bound to act.

13.5 The Note Trustee may at any time and from time to time, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree with the Issuer and any other parties and may direct the Security Trustee to agree with the Issuer and any other parties in making or sanctioning any modification (other than a Basic Terms Modification):

- (a) to these Conditions, the Residual Certificates Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee, will not be materially prejudicial to the interests of the Noteholders (or, if there are no Notes outstanding, the interests of the Certificateholders); or

- (b) to these Conditions, the Residual Certificates Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee, such modification is of a formal, minor or technical nature or to correct a manifest error.

13.6 Notwithstanding the provisions of Condition 13.5, the Note Trustee shall be obliged and shall direct the Security Trustee, without any consent or sanction of the Noteholders or the other Secured Creditors, but subject to the receipt of written consent from any of the Secured Creditors party to the Transaction Document being modified (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document), to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to these Conditions and/or any Transaction Document that the Issuer considers necessary:

- (a) for the purposes of enabling the Issuer or any Transaction Party to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), provided that the Issuer or the relevant Transaction Party, as applicable, certifies (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; and
- (b) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, **provided that**:
 - (i) the Issuer certifies in writing (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) to the Note Trustee and the Security Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
 - (ii) in the case of any modification to a Transaction Document proposed by any of the Seller, the relevant Servicer, the Cash Manager, the Collection Account Bank, the Agent Bank, the Principal Paying Agent or the Issuer Account Bank (for the purpose of this Condition 13.6 only, each a "**Relevant Party**", in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds)):
 - (A) the Relevant Party certifies in writing to the Issuer, the Note Trustee and the Security Trustee (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) that such modification is necessary for the purposes described in subparagraphs (ii)(x) and/or (y) above; and
 - (B) the Issuer, the Relevant Party or the relevant Servicer (on behalf of the Issuer) obtains from each of the Rating Agencies, a Rating Agency Confirmation or, in the case of a Non-Responsive Rating Agency only, certifies in writing to the Issuer (in the case of the Relevant Party or the relevant Servicer) and the Note Trustee and the Security Trustee (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) that the provisions of Condition 19 (*Non-Responsive Rating Agency*) have been satisfied in

relation to the request for such Rating Agency Confirmation with respect to the Non-Responsive Rating Agency;

- (c) for the purpose of (i) complying with any changes in the requirements of, or (ii) enabling the Issuer to comply with an obligation in respect of, the Securitisation Regulation, together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time after the Closing Date, including as a result of any changes to any secondary legislation or official guidance in relation thereto (including the appointment of a third party to assist with the Issuer's reporting obligations pursuant to the Securitisation Regulation), provided that the Issuer certifies (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (d) for the purpose of enabling the Notes to be (or to remain) listed on Euronext Dublin, provided that the Issuer certifies (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (e) for the purpose of complying with any obligation which applies to the Issuer (i) under Article 6 of the Securitisation Regulation, including as a result of the adoption of regulatory technical standards in relation to the Securitisation Regulation, (ii) Regulation (EU) (2017/2401) (the "**CRR Amendment Regulation**") or (iii) any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (f) for the purpose of complying with any changes in the requirements of the CRR Amendment Regulation after the Closing Date, provided that the Issuer certifies (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Conditions 13.6(a) to 13.6(f) being a "**Modification Certificate**"), or

- (g) for the purpose of changing the reference rate or the base rate that then applies in respect of the Notes to an alternative base rate (any such rate, which may include an alternative screen rate, an "**Alternative Base Rate**") and making such other amendments as are necessary or advisable in the commercially reasonable judgement of the Issuer (or the relevant Servicer on its behalf) to facilitate such change (a "**Base Rate Modification**"), provided that the Issuer (or the relevant Servicer on its behalf), certifies (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) to the Note Trustee and the Security Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:
 - (i) such Base Rate Modification is being undertaken due to:

- (A) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;
 - (B) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;
 - (C) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
 - (D) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA);
 - (E) a public statement by the supervisor of the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
 - (F) a public statement by the supervisor of the SONIA administrator that means SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; or
 - (G) the reasonable expectation of the Issuer (or the relevant Servicer on its behalf) that any of the events specified in sub-paragraphs (A) to (F) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and
- (ii) such Alternative Base Rate is any one or more of the following:
- (A) a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing); or
 - (B) a base rate utilised in a material number of publicly-listed new issues of Sterling-denominated asset backed floating rate notes prior to the effective date of such Base Rate Modification; or
 - (C) such other base rate as the Issuer (or the relevant Servicer on its behalf) reasonably determines, provided that this option may only be used if the Issuer (or the relevant Servicer on its behalf) certifies (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) to the Note Trustee and the Security Trustee that, in the reasonable opinion of the Issuer (or the relevant Servicer on its behalf) none of the sub-paragraphs (A) and (B) above are applicable and/or practicable in the context of the transaction, and sets out the rationale in the Base Rate Modification Certificate for choosing the proposed Alternative Base Rate,

and in each case, the change to the Alternative Base Rate will not, in its opinion, be materially prejudicial to the interest of the Noteholders (or, if no Notes are outstanding, the Certificateholders).

For the avoidance of doubt, the Issuer (or the relevant Servicer on its behalf) may propose an Alternative Base Rate on more than one occasion provided that the conditions set out in this Condition 13.6(g) are satisfied.

- (h) The Note Trustee is only obliged to concur and direct the Security Trustee to concur with the Issuer in making any modification referred to in Conditions 13.6(a) to 13.6(g) (other than in respect of a Basic Terms Modification) to these Conditions and/or any Transaction Document **provided that**:
- (i) in respect of an amendment under Condition 13.6(g), the same Alternative Base Rate will be applied to all Classes of Notes (where such Notes bear interest);
 - (ii) at least 30 days' prior written notice of any such proposed modification has been given to the Note Trustee and the Security Trustee;
 - (iii) the Modification Certificate and Base Rate Modification Certificate in relation to such modification shall be provided to the Note Trustee and the Security Trustee both at the time the Note Trustee and the Security Trustee are notified of the proposed modification and on the date that such modification takes effect;
 - (iv) the written consent of each Secured Creditor which is party to the relevant Transaction Document has been obtained (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document);
 - (v) the Note Trustee and the Security Trustee is satisfied that it has been or will be reimbursed all costs, fees and expenses (including reasonable and properly incurred legal fees) incurred by it in connection with such modification;
 - (vi) other than in the case of a modification pursuant to Condition 13.6(b)(ii), the Issuer, the Relevant Party or the relevant Servicer (on behalf of the Issuer) obtains from each of the Rating Agencies, a Rating Agency Confirmation or, in the case of a Non-Responsive Rating Agency only, certifies in writing to the Issuer (in the case of the Relevant Party or the relevant Servicer) and the Note Trustee that the provisions of Condition 19 (*Non-Responsive Rating Agency*) have been satisfied in relation to the request for such Rating Agency Confirmation with respect to the Non-Responsive Rating Agency; and
 - (vii) the Issuer certifies (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) in writing to the Note Trustee and the Security Trustee (which certification may be in the Modification Certificate) that in relation to such modification (A) the Issuer has provided at least 30 days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Issuer, in each case specifying the date and time by which Noteholders must respond, and it has made available at such time the modification documents for inspection at the registered office of the Note Trustee for the time being during normal business hours, and (B) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding

have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer in accordance with the notice provided above and the then current practice of any applicable clearing system through which such Notes may be held within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with this Condition 13.

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

13.7 When implementing any modification pursuant to Condition 13.6:

- (a) (save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification) the Note Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Condition 13.6 and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (b) neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the sole opinion of the Note Trustee or the Security Trustee, as applicable, would have the effect of (i) exposing the Note Trustee or the Security Trustee, as applicable, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Note Trustee or the Security Trustee, as applicable, in the Transaction Documents and/or these Conditions.

13.8 The Note Trustee may, and may direct the Security Trustee to, without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without prejudice to its rights in respect of any further or other breach, from time to time and at any time, but only if and in so far as in the sole opinion of the Note Trustee (acting in accordance with the Trust Deed) the interests of the Noteholders (or, if there are no Notes outstanding, the Certificateholders) will not be materially prejudiced thereby, authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions, the Residual Certificates Conditions or any of the Transaction Documents by any party thereto, provided that the Note Trustee shall not exercise any powers conferred on it by this Condition 13.8 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or by a direction under Condition 11 (*Events of Default*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made.

13.9 Any such modification, waiver, authorisation or determination by the Note Trustee, in accordance with these Conditions, Residual Certificates Conditions or Transaction Documents shall be binding on the Noteholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees

otherwise, any such modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16 (*Notice to Noteholders*).

- 13.10 Any modification to the Transaction Documents and the Conditions shall be notified by the Issuer in writing to the Rating Agencies.
- 13.11 In connection with any such substitution of principal debtor referred to in Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*), the Note Trustee may also agree, and may direct the Security Trustee to agree, without the consent of the Noteholders or the other Secured Creditors, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders.
- 13.12 In determining whether a proposed action will not be materially prejudicial to the Noteholders or any Class thereof, the Note Trustee may, among other things, have regard to whether the Rating Agencies have confirmed orally to the Issuer or any other party to the Transaction Documents that any proposed action will not result in the withdrawal or reduction of, or entail any other adverse action with respect to, the then current ratings of the Rated Notes.
- 13.13 Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee is required to have regard to the interests of the Noteholders of any Class or Classes, it shall (a) have regard to the general interests of the Noteholders of such Class or Classes but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Note Trustee or the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders and (b) subject to the more detailed provisions of the Trust Deed and the Deed of Charge, as applicable, have regard to the interests of holders of each Class of Notes (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or the Residual Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class or Classes of Notes ranking in priority to the other relevant Classes of Notes.
- 13.14 Other than in respect of any matter requiring an Extraordinary Resolution, Noteholders are required to vote by way of an Ordinary Resolution.
- 13.15 "**Ordinary Resolution**" means, in respect of the holders of any of the Classes of Notes:
- (a) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed and these Conditions by not less than a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll;
 - (b) a resolution in writing signed by or on behalf of the Noteholders of not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders of the relevant Class; or

- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders of not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes.

13.16 "**Extraordinary Resolution**" means, in respect of the holders of any of the Classes of Notes:

- (a) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed and these Conditions by a majority consisting of not less than 75 per cent. of Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll;
- (b) a resolution in writing signed by or on behalf of the Noteholders of not less than 75 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders of not less than 75 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes.

13.17 "**Eligible Person**" means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a bearer of any Voting Certificate; and
- (b) a proxy specified in any Block Voting Instruction.

13.18 "**Voting Certificate**" means an English language certificate issued by a Paying Agent in which it is stated:

- (a) that on the date thereof the Notes and/or Residual Certificates (not being the Notes and/or Residual Certificates (as applicable) in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Notes and/or Residual Certificates will cease to be so blocked until the first to occur of:
 - (i) the conclusion of the meeting specified in such Voting Certificate; and
 - (ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and
- (b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes and/or Residual Certificates represented by such Voting Certificate.

13.19 "**Block Voting Instruction**" means an English language document issued by a Paying Agent in which:

- (a) it is certified that on the date thereof Notes and/or Residual Certificates (not being Notes and/or Residual Certificates (as applicable) in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Notes and/or such Residual Certificates will cease to be so blocked until the first to occur of:
 - (i) the conclusion of the meeting specified in such Block Voting Instruction; and

- (ii) the Notes and/or the Residual Certificates ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;
 - (b) it is certified that each holder of such Notes and/or such Residual Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the Residual Certificates so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment;
 - (c) the aggregate principal amount or aggregate total amount of the Notes and/or the number of Residual Certificates so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution;
 - (d) one or more persons named in such Block Voting Instruction (each hereinafter called a "**proxy**") is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes and/or the Residual Certificates so listed in accordance with the instructions referred to in Condition 13.19(c) as set out in such Block Voting Instruction, provided that no such person shall be named as a proxy:
 - (e) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
 - (f) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the meeting when it is resumed.
- 13.20 Details of any Extraordinary Resolution and any Ordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to each of the Rating Agencies by the Issuer.

13.21 **Issuer Substitution Condition**

The Note Trustee may agree, subject to such amendment of these Conditions and of any of the Transaction Documents, and to such other conditions as the Note Trustee may require and subject to the terms of the Trust Deed, but without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Residual Certificates and in respect of the other Secured Obligations, provided that the conditions set out in the Trust Deed are satisfied including, *inter alia*, that the Notes are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Condition 5 (*Covenants*) (the "**Issuer Substitution Condition**"). In the case of a substitution pursuant to this Condition 13.21, the Note Trustee may in its absolute discretion agree, and may direct the Security Trustee to agree, without the consent of the Noteholders, to a change in law governing the Notes and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders.

14. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or prefunded and/or secured to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce their rights, comply with its obligations and perform their duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15. REPLACEMENT OF NOTES

If any Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar subject to all applicable laws and stock exchange requirements. Replacement of any mutilated, defaced, lost, stolen or destroyed Note will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Note must be surrendered before a new one will be issued.

16. NOTICE TO NOTEHOLDERS

16.1 Publication of Notice

- (a) Subject to Condition 16.1(d), any notice to Noteholders shall be validly given if published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom, provided that if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders (in each case a "**Relevant Screen**"), or (ii) Condition 16.1(c) applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which (or on the Relevant Screen) publication is required.
- (b) In respect of Notes in definitive form, notices to Noteholders will be sent to them by (i) email or (ii) first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail, at the respective email addresses or addresses (as the case may be) on the Register. Any such notice sent by post will be deemed to have been given on the fourth day after the date of posting and any notice sent by email shall be deemed to have been given at the time of dispatch provided that in the case of a notice given by email a confirmation of receipt is received by the sending party.

- (c) While the Notes are represented by Global Note, notices to Noteholders will be valid if published as described above or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid shall be deemed to have been given on the day of such delivery.
- (d) So long as the relevant Notes are admitted to trading on, and listed on the official list of, Euronext Dublin all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of Euronext Dublin (which includes delivering a copy of such notice to Euronext Dublin) and any such notice will be deemed to have been given on the date sent to Euronext Dublin.

16.2 Note Trustee's Discretion to Select Alternative Method

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities and/or quotation systems on or by which the Notes are then listed, quoted and/or traded and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

17. REPLACEMENT NOTES

If the Issuer Substitution Condition is satisfied in accordance with these Terms and Conditions and the Trust Deed, the Issuer may, without the consent of the Noteholders, issue one or more classes of replacement notes ("**Replacement Notes**") to replace one or more Classes of Notes, each class of which shall have terms and conditions which may differ from the terms and conditions of the Class of Notes which it replaces.

18. SUBORDINATION BY DEFERRAL

18.1 Interest Amounts

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (which shall, for the purposes of this Condition 18, include any interest previously deferred under this Condition 18.1 and accrued interest thereon) payable in respect of the Notes other than the Most Senior Class of Notes after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer shall be entitled to defer to the next Interest Payment Date the payment of interest (such interest, the "**Deferred Interest**") in respect of the Notes other than the Most Senior Class of Notes to the extent only of any insufficiency of funds.

18.2 General

Any amounts of Deferred Interest in respect of a Class of the Rated Notes shall accrue interest ("**Additional Interest**") at the same rate and on the same basis as scheduled interest in respect of the corresponding Class of Notes, but shall not be capitalised. Such Deferred Interest and Additional Interest shall, in any event, become payable on the next Interest Payment Date (unless and to the extent that Condition 18.1 (*Interest Amounts*) applies) or on such earlier date as the relevant Class of Notes becomes due and repayable in full in accordance with these Conditions.

18.3 Notification

As soon as practicable after becoming aware that any part of a payment of interest on a Class of Notes (other than the Most Senior Class of Notes) will be deferred or that a payment previously deferred will be made in accordance with this Condition 18, the Issuer will give notice thereof to the relevant Class of Noteholders, as appropriate, in accordance with Condition 16 (*Notice to Noteholders*). Any deferral of interest in accordance with this Condition 18 will not constitute an Event of Default. The provisions of this Condition 18 shall cease to apply on the Final Maturity Date, or any earlier date on which the Notes are redeemed in full or, are required to be redeemed in full, at which time all deferred interest and accrued interest thereon shall become due and payable.

19. NON-RESPONSIVE RATING AGENCY

- (a) In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Rated Notes and any of the Transaction Documents, the Note Trustee and the Security Trustee shall be entitled but not obliged to take into account any written confirmation or affirmation (in any form acceptable to the Note Trustee and the Security Trustee) from the Rating Agencies that the then current ratings of the Rated Notes will not be reduced, qualified, adversely affected or withdrawn thereby (a "**Rating Agency Confirmation**").
- (b) If a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Note Trustee and the Security Trustee, as applicable) and:
 - (i) (A) one or more Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and (if there is only one Non-Responsive Rating Agency); or
 - (ii) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts,

then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors certifying and confirming that, if there is only one Non-Responsive Rating Agency, each of the events in sub-paragraph (i)(A) or (B) and (ii) above has occurred or if there is more than one Non-Responsive Rating Agency that the events in sub-paragraph (i)(A) or (i)(B) above are satisfied. Each of the Note Trustee and the Security Trustee may rely on such certificate absolutely without further enquiry and without liability.

20. JURISDICTION AND GOVERNING LAW

- (a) The Courts of England (the "**Courts**") are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Residual Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Residual Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Residual Certificates and/or the Transaction Documents may be brought in such Courts.

- (b) The Transaction Documents, the Notes, the Residual Certificates and these Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law except that, to the extent that the provisions of the Mortgage Sale Agreement, the Deed of Charge and any documents supplemental thereto relate to the Scottish Loans or the Northern Irish Loans, such provisions and documents shall be construed in accordance and/or governed by Scots law or Northern Irish law, as applicable.

21. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TERMS AND CONDITIONS OF THE RESIDUAL CERTIFICATES

The following are the terms and conditions of the Residual Certificates in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below)

1. GENERAL

The 100 residual certificates (the "**Residual Certificates**") of Stratton Mortgage Funding 2020-1 plc (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated on 24 August 2020 (the "**Closing Date**") and made between, among others, the Issuer and Citicorp Trustee Company Limited as trustee for the registered holders for the time being of the Residual Certificates (the "**Certificateholders**") (the "**Note Trustee**" which term shall, where the context so permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Deed). Any reference in these residual certificates terms and conditions (the "**Residual Certificates Conditions**") to a "**Class**" of Notes or of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class X1 Notes, the Class X2 Notes, the Class Z1 Notes or the Class Z2 Notes as the case may be, or to the respective holders thereof. The security for the Residual Certificates is constituted by a deed of charge and assignment (the "**Deed of Charge**") dated on the Closing Date and made between, among others, the Issuer and Citicorp Trustee Company Limited as trustee for the Secured Creditors (in such capacity, the "**Security Trustee**" which term shall, where the context so permits, include all other persons or companies for the time being acting as trustee or trustees under the Deed of Charge).

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or prior to the Closing Date and made between the Issuer, the Note Trustee, Citibank, N.A., London Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agent appointed under the Agency Agreement, the "**Paying Agent**") Citibank, N.A., London Branch as registrar (in such capacity, the "**Registrar**") and Citibank, N.A., London Branch as agent bank (in such capacity, the "**Agent Bank**"), provision is made for, *inter alia*, the payment of amounts in respect of the Residual Certificates. References to the "**Principal Paying Agent**", the "**Registrar**", the "**Agent Bank**" and the "**Paying Agents**" below are references to the principal paying agent, the registrar, the agent bank and the paying agents for the time being for the Residual Certificates.

The statements in these Residual Certificates Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and a master definitions and construction schedule (the "**Master Definitions and Construction Schedule**") entered into by, among others, the Issuer, the Note Trustee and the Security Trustee on the Closing Date and the other Transaction Documents (as defined therein).

Physical copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents (in case of the Scottish Declaration of Trust, with the schedule thereto duly redacted) are available for inspection during normal business hours at the specified office for the time being of each of the Paying Agents. The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

2. INTERPRETATION

2.1 Definitions

Capitalised terms not otherwise defined in these Residual Certificates Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule available as described above.

2.2 Interpretation

These Residual Certificates Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

3. FORM AND TITLE

3.1 Form and Denomination

Each Residual Certificate will initially be represented by a global residual certificate in registered form (a "**Global Residual Certificate**").

For so long as any of the Residual Certificates are represented by a Global Residual Certificate, transfers and exchanges of beneficial interests in such Global Residual Certificate and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), as appropriate. The Global Residual Certificate will be deposited with and registered in the name of a nominee of a common safekeeper for Euroclear and Clearstream, Luxembourg.

A Global Residual Certificate will be exchanged for the relevant Residual Certificate in definitive registered form (such exchanged Global Residual Certificate in definitive registered form, the "**Definitive Residual Certificates**") only if either of the following applies:

- (a) both Euroclear and Clearstream, Luxembourg:
 - (i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or
 - (ii) announce an intention permanently to cease business or to cease to make their book-entry systems available for settlement of beneficial interests in the Global Residual Certificate and do in fact do either of those things,and in either case no alternative clearing system satisfactory to the Note Trustee is available;
or
- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations which become effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Residual Certificates which would not be required were the relevant Residual Certificates in definitive registered form.

If Definitive Residual Certificates are issued in respect of Residual Certificates originally represented by a Global Residual Certificate, the beneficial interests represented by such Global Residual Certificate shall be exchanged by the Issuer for the relevant Residual Certificates in registered definitive form.

Definitive Residual Certificates will be serially numbered and will be issued in registered form only.

References to "**Residual Certificates**" in these Residual Certificates Conditions shall include the Global Residual Certificate and the Definitive Residual Certificates.

3.2 Title

Title to the Global Residual Certificate shall pass by and upon registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Residual Certificate may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Residual Certificate regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to Definitive Residual Certificates shall only pass by and upon registration of the transfer in the Register.

Definitive Residual Certificates may be transferred upon the surrender of the relevant Definitive Residual Certificate, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. All transfers of Definitive Residual Certificates are subject to any restrictions on transfer set out on the Definitive Residual Certificates and the detailed regulations concerning transfers in the Agency Agreement.

Each new Definitive Residual Certificate to be issued upon transfer of such Definitive Residual Certificate will, within five Business Days of receipt and surrender of such Definitive Residual Certificate (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Definitive Residual Certificate to such address as may be specified in the relevant form of transfer.

Registration of a Definitive Residual Certificate on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

4. STATUS AND SECURITY

4.1 Status of the Residual Certificates

The Residual Certificates constitute direct, secured and (subject to the limited recourse provision in Residual Certificates Condition 11.3 (*Limited Recourse*)) unconditional obligations of the Issuer, and represent the Issuer's obligation to pay deferred consideration for its purchase of the Portfolio, consisting of the Residual Payments. The Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payments on the Residual Certificates. Residual Payments will be made subject to and in accordance with the Pre-Enforcement Revenue Priority of Payments, Pre-Enforcement Redemption Priority of Payments and Post-Enforcement Priority of Payments.

The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of the Certificateholders equally as

regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee in any such case to have regard (except as expressly provided otherwise) to the interests of the Noteholders for so long as there are any Notes outstanding.

4.2 Security

The security constituted by or pursuant to the Deed of Charge is granted to the Security Trustee for it to hold on trust for the Certificateholders and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.

The Certificateholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

5. ISSUER COVENANTS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under any of these Residual Certificates Conditions or any of the Transaction Documents, the Issuer shall not, so long as any Residual Certificate remains outstanding:

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking;
- (b) **Restrictions on activities:** (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;
- (c) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire all or any of, its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (d) **Equitable and Beneficial Interest:** permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (e) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the applicable Priority of Payments which are available for distribution in accordance with the Issuer's memorandum and articles of association and with applicable laws or issue any further shares;
- (f) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;
- (g) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;

- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied, modified, terminated, postponed, waived or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;
- (i) **Bank accounts:** have an interest in any bank account other than the Deposit Account, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (j) **Purchase Residual Certificates:** purchase or otherwise acquire any Residual Certificates;
- (k) **Corporation tax:** prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the Taxation of Securitisation Companies Regulations 2006;
- (l) **VAT:** apply to become part of any group for the purposes of sections 43 to 43D of the Value Added Tax Act 1994 and the VAT (Groups: eligibility) Order (S.I. 2004/1931) with any other company or group of companies, or such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal any of the same; or
- (m) **U.S. activities:** engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

6. RESIDUAL PAYMENTS

6.1 Right to Residual Payments

Each Residual Certificate represents a *pro rata* entitlement to receive Residual Payments by way of deferred consideration for the purchase by the Issuer of the Portfolio.

6.2 Payment

A Residual Payment may be payable in respect of the Residual Certificates on each Interest Payment Date and each date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments.

- (a) **"Determination Period"** has the meaning set out in Residual Certificate Condition 6.9 (*Determinations and Reconciliation*).
- (b) **"Interest Payment Date"** means each date determined as an Interest Payment Date in accordance with the Conditions of the Notes.
- (c) **"Residual Payment"** means:
 - (i) prior to the delivery of an Enforcement Notice, in respect of each Interest Payment Date, the amount (if any) by which Available Revenue Receipts exceeds the

amounts required to satisfy items (a) to (v) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date; and

- (ii) following the delivery of an Enforcement Notice, in respect of each date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, the amount by which amounts available for payment in accordance with the Post-Enforcement Priority of Payments exceeds the amounts required to satisfy items (a) to (t) of the Post-Enforcement Priority of Payments on that date.
- (d) "**Residual Payment Amount**" means, for a Residual Certificate on any date on which amounts are to be applied in accordance with the applicable Priority of Payments, the Residual Payment for that date, divided by the number of Residual Certificates then in issue.

6.3 Determination of Residual Payment

The Agent Bank shall on each Calculation Date determine the Residual Payment payable on the immediately following Interest Payment Date and the Residual Payment Amount payable in respect of each Residual Certificate on such Interest Payment Date.

6.4 Publication of Residual Payment and Residual Payment Amount

The Agent Bank shall cause the Residual Payment and Residual Payment Amount (if any) for each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Note Trustee, the Registrar and the Paying Agents (as applicable) and to be published in accordance with Residual Certificates Condition 15 (*Notice to Certificateholders*) as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date.

6.5 Determination by the Note Trustee

The Note Trustee may, without liability therefor, if the Cash Manager defaults at any time in its obligation to determine the Residual Payment and Residual Payment Amount (if any) in accordance with the above provisions and the Note Trustee has been notified of this default, determine or cause to be determined the Residual Payment and Residual Payment Amount (if any), in the manner provided in this Residual Certificates Condition 6.5. Any such determination shall be deemed to be a determination made by the Cash Manager.

6.6 Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Residual Certificates Condition 6.6, whether by the Cash Manager or the Note Trustee, will (in the absence of wilful default, gross negligence, fraud or manifest error) be binding on the Issuer, the Cash Manager, the Note Trustee, the Registrar, the Paying Agents and all Certificateholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Issuer or the Certificateholders shall attach to the Cash Manager, or if applicable, the Note Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Residual Certificates Condition 6.6.

6.7 Termination of Payments

Other than where the Notes have been redeemed in full following the exercise of the Refinancing Call Option, following the redemption in full of the Notes, the realisation of the Charged Assets and payment of the proceeds of realisation in accordance with the applicable Priority of Payments, no

more Residual Payments will be made by the Issuer and the Residual Certificates shall be redeemed and cancelled.

7. PAYMENTS

7.1 Payment of Residual Payment Amounts

Subject to of Residual Certificates Condition 3.1 (*Form and Denomination*), payments of Residual Payment Amounts shall be made by credit or transfer to an account in sterling maintained by the payee.

7.2 Laws and Regulations

Payments of any Residual Payment Amounts are subject, in all cases, to (a) any fiscal or other laws and regulations applicable thereto and (b) any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto. Certificateholders will not be charged commissions or expenses on payments.

7.3 Change of Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents, provided that there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London, and a person appointed to perform the obligations of the Registrar with a specified office in Ireland or in London.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Certificateholders in accordance with Residual Certificates Condition 15 (*Notice to Certificateholders*).

7.4 No Payment on non-Business Day

If the date for payment of any amount in respect of a Residual Certificate is not a Presentation Date, Certificateholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to interest or other payment in respect of such delay. In this Residual Certificates Condition 7.4, the expression "**Presentation Date**" means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

8. TAXATION

All payments of Residual Payment Amounts by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imports, duties, fees, deductions, withholding or charges of any nature whatsoever and wheresoever imposed, including income tax, corporation tax, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon ("**Taxes**"), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer or, as the case may be, the Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither

the Issuer nor any Paying Agent nor any other person shall be obliged to make any additional payments to Certificateholders in respect of such withholding or deduction.

9. PRESCRIPTION

Claims in respect of Residual Payment Amounts will be prescribed after ten years from the Relevant Date in respect of the relevant payment.

In this Residual Certificates Condition 9, the "**Relevant Date**", in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, and notice to that effect is duly given to the relevant Certificateholders in accordance with Residual Certificates Condition 15 (*Notice to Certificateholders*).

10. EVENTS OF DEFAULT

10.1 Residual Certificates

The Note Trustee at its absolute discretion may, and, provided all of the Notes have been redeemed in full, if so directed in writing by the holders of at least 25 per cent. of the Residual Certificates in number or if so directed by an Extraordinary Resolution of the Certificateholders shall (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed), give a notice (an "**Enforcement Notice**") to the Issuer that any Residual Payments pursuant to the Residual Certificates are immediately due and payable in any of the following events (each, an "**Event of Default**") with a copy of such Enforcement Notice being sent simultaneously to the Security Trustee, the relevant Legal Title Holder, the relevant Servicer, the Issuer Account Bank and the Cash Manager:

- (a) if default is made in the payment of any amount due in respect of the Residual Certificates and the default continues for a period of five Business Days from the due date for payment; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Residual Certificates Conditions or any Transaction Document to which it is a party and the failure continues for a period of 30 Business Days (following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied (or such longer period as the Note Trustee may permit)), except in any case where the Note Trustee considers the failure to be incapable of remedy, in which case no continuation or notice as is aforementioned will be required; or
- (c) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Certificateholders; or
- (d) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Certificateholders, or (ii) the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or (iii) the Issuer is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or

- (e) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the Issuer, is not discharged or within 30 Business Days; or
- (f) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

10.2 General

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Residual Certificates Condition 10.1 (*Residual Certificates*), any Residual Payments pursuant to the Residual Certificates shall thereby immediately become due and payable.

11. ENFORCEMENT

11.1 General

The Note Trustee may, at any time, at its discretion and without notice and in such manner as it thinks fit, take such proceedings, actions and/or steps or direct the Security Trustee to take such proceedings, actions and/or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Residual Certificates or the Trust Deed (including these Residual Certificates Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and, at any time after the service of an Enforcement Notice, the Note Trustee may, at its discretion and without notice, direct the Security Trustee to take such steps as it may think fit to enforce the Security, but neither of them shall be bound to take any such proceedings, action or steps unless, following redemption of the Notes in full:

- (a) the Note Trustee shall have been so directed by an Extraordinary Resolution of the Certificateholders or directed in writing by the holders of at least 25 per cent. of the Residual Certificates in number; and
- (b) in all cases, the Note Trustee and the Security Trustee shall have been indemnified and/or prefunded and/or secured to its satisfaction.

No Certificateholder may proceed directly against the Issuer unless the Note Trustee, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

11.2 Limitations on Enforcement

No Certificateholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of the Residual Certificates Conditions or any of the provisions of the Transaction Documents and/or to take any other

proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, provided that no Certificateholder shall be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer.

11.3 Limited Recourse

Notwithstanding any other Residual Certificates Condition or any provision of any Transaction Document, all obligations of the Issuer to the Certificateholders are limited in recourse to the property, assets and undertakings of the Issuer the subject of any security created under and pursuant to the Deed of Charge (the "**Charged Assets**"). If:

- (a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and
- (c) there are insufficient amounts available from the Charged Assets to pay, in accordance with the provisions of the Deed of Charge, any further amounts under the Residual Certificates (including payments of Residual Payment Amounts),

then the Certificateholders shall have no further claim against the Issuer in respect of any further amounts due or to be paid in respect of the Residual Certificates (including, for the avoidance of doubt, payments of Residual Payment Amounts in respect of the Residual Certificates) and the Issuer shall be deemed to be discharged from making any further payments in respect of the Residual Certificates and any further payment rights shall be extinguished.

12. MEETINGS OF CERTIFICATEHOLDERS AND NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

12.1 The Trust Deed contains provisions for convening meetings of the Noteholders of each Class and, in certain cases, more than one Class, and the Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Residual Certificates Conditions, the Conditions or the provisions of any of the Transaction Documents.

12.2 For the purposes of these Residual Certificates Conditions, "**Most Senior Class of Notes**" means (i) other than in respect of Condition 11.1(a) and Condition 18, the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Class A Notes, Class B Notes, Class C Notes or Class D Notes then outstanding, the Class E Notes or, if there are no Class A Notes, Class B Notes, Class C Note, Class D Notes or Class E Notes then outstanding, the Class F Notes or if there are no Rated Notes then outstanding, the Class G Notes or, if there are no Rated Notes or Class G Notes then outstanding, the Class X1 Notes, or, if there are no Rated Notes, Class G Notes, or Class X1 Notes, the Class X2 Notes or, if there are no Rated Notes, Class G Notes or Class X Notes then outstanding, the Class Z1 Notes or, if there are no Rated Notes, Class G Notes, Class X Notes or Class Z1 Notes then outstanding, the Class Z2 Notes; or (ii) in respect of Condition 11.1(a) and Condition 18 only, the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class D Notes.

12.3 Limitations on Noteholders and Certificateholders

- (a) Subject as provided in Residual Certificates Conditions 12.3(b) and 12.3(c):
- (i) subject to Residual Certificates Conditions 12.3(a)(ii) and 12.3(a)(iii), a resolution passed at any meeting of the holders of the Most Senior Class of Notes then outstanding shall be binding on all other Classes of Noteholders and the Residual Certificates irrespective of the effect it has upon them;
 - (ii) subject to Residual Certificates Condition 12.3(a)(iii), a resolution passed at any meeting of a relevant Class of Noteholders shall be binding on (i) all other Classes of Noteholders ranking junior to such Class of Noteholders in each case and (ii) the Residual Certificates, in each case irrespective of the effect it has upon them; and
 - (iii) no resolution of any Class of Noteholders or the Certificateholders shall take effect for any purpose while any of the Most Senior Class of Notes then outstanding remain outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding.
- (b) Subject as provided in Residual Certificates Conditions 12.3(c), a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of Notes of only one Class or the Residual Certificates only, shall be deemed to have been duly passed if passed at a separate meeting (or by a separate resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of that Class of Notes so affected or the Residual Certificates.
- (c) No Extraordinary Resolution of the holders of a Class or Classes of Notes or the Residual Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Residual Certificates shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding and/or the holders of the Residual Certificates then in issue which are affected by such Basic Terms Modification, or the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the holders of those affected Class or Classes of Notes then outstanding and the holders of the Residual Certificates (if applicable).

12.4 Quorum

- (a) Subject as provided below, the quorum at any meeting of Certificateholders for passing an Ordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the Residual Certificates then in issue.
- (b) Subject as provided below, the quorum at any meeting of Certificateholders for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the Residual Certificates then in issue.
- (c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Residual Certificates passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of the Notes, (ii) sanction a modification of the date of payment of principal or interest in respect of the Notes, or where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes or of the method of calculating the date of payment in respect of the Residual Certificates, (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of the Notes, or where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes or of the method

of calculating the amounts payable in respect of the Residual Certificates (including, if any such modification is proposed for any Class of Notes), (iv) alter the currency in which payments under the Notes or Residual Certificates are to be made, (v) alter the quorum or majority required in relation to this exception, (vi) sanction any scheme or proposal for the sale, conversion or cancellation of the Notes or the Residual Certificates, (vii) make any change to the definition of Basic Terms Modification, or (viii) alter any of the provisions contained in this exception (each a "**Basic Terms Modification**"), shall be one or more persons holding or representing in the aggregate not less than (A) 75 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes then outstanding or (B) 75 per cent. of the Residual Certificates then in issue. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of each relevant Class of Noteholders and (if affected) by a meeting of the Certificateholders.

- (d) The quorum at any adjourned meeting shall be:
- (i) for an Ordinary Resolution, one or more persons present and holding or representing not less than ten per cent. of the Principal Amount Outstanding of the Notes of such Class then outstanding or Residual Certificates then in issue;
 - (ii) (other than in relation to a Basic Terms Modification) for an Extraordinary Resolution shall be one or more persons present and holding or representing not less than 25 per cent. of the Principal Amount Outstanding of the Notes of such Class then outstanding or any of the Residual Certificates then in issue; and
 - (iii) (in respect of a Basic Terms Modification) one or more persons present and holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of the Notes of such Class then outstanding or of the Residual Certificates then in issue.

12.5 The Note Trustee may at any time and from time to time, only with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree with the Issuer and any other parties and may direct the Security Trustee to agree with the Issuer and any other parties in making or sanctioning any modification (other than a Basic Terms Modification):

- (a) to these Residual Certificates Conditions, the Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee will not be materially prejudicial to the interests of the Noteholders (or if there are no Notes outstanding, the interests of the Certificateholders); or
- (b) to these Residual Certificates Conditions, the Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee such modification is of a formal, minor or technical nature or to correct a manifest error.

12.6 Notwithstanding the provisions of Residual Certificates Condition 12.5, the Note Trustee shall be obliged and shall direct the Security Trustee, without any consent or sanction of the Certificateholders or the other Secured Creditors, but subject to the receipt of written consent from any of the Secured Creditors party to the Transaction Document being modified (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document), to concur with the Issuer in making any modification (other

than in respect of a Basic Terms Modification) to these Residual Certificates Conditions and/or any Transaction Document that the Issuer considers necessary:

- (a) for the purposes of enabling the Issuer or any Transaction Party to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), provided that the Issuer or the relevant Transaction Party, as applicable, certifies (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; and
- (b) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, **provided that:**
 - (i) the Issuer certifies in writing (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) to the Note Trustee and the Security Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
 - (ii) in the case of any modification to a Transaction Document proposed by any of the Seller, the relevant Servicer, the Cash Manager, the Collection Account Bank, the Agent Bank, the Principal Paying Agent or the Issuer Account Bank (for the purpose of this Residual Certificate Condition 12.6 only, each a "**Relevant Party**", in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds)):
 - (A) the Relevant Party certifies in writing to the Issuer, the Note Trustee and the Security Trustee (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) that such modification is necessary for the purposes described in subparagraphs (ii)(x) and/or (y) above; and
 - (B) the Issuer, the Relevant Party or the relevant Servicer (on behalf of the Issuer) obtains from each of the Rating Agencies, a Rating Agency Confirmation or, in the case of Non-Responsive Rating Agency only, certifies in writing to the Issuer (in the case of the Relevant Party or the relevant Servicer) and the Note Trustee and the Security Trustee (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) that the provisions of Residual Certificates Condition 17 (*Replacement Notes*) have been satisfied in respect of the request for such Rating Agency Confirmation with respect to the Non-Responsive Rating Agency.
- (c) for the purpose of (i) complying with any changes in the requirements of, or (ii) enabling the Issuer to comply with an obligation in respect of, the Securitisation Regulation (including in respect of risk retention), together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time after the Closing Date, including as a result of any changes to any secondary legislation or official guidance in relation thereto (including the appointment of a third party to assist with the Issuer's reporting obligations pursuant to the Securitisation Regulation), provided

that the Issuer certifies (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

- (d) for the purpose of complying with any obligation which applies to the Issuer (i) under Article 6 of the Securitisation Regulation, including as a result of the adoption of regulatory technical standards in relation to the Securitisation Regulation, (ii) Regulation (EU) (2017/2401) (the "**CRR Amendment Regulation**") or (iii) any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (e) for the purpose of complying with any changes in the requirements of the CRR Amendment Regulation after the Closing Date, provided that the Issuer certifies (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Residual Certificates Conditions 12.6(a) to 12.6(e) being a "**Modification Certificate**"), or

- (f) The Note Trustee is only obliged to concur and direct the Security Trustee to concur with the Issuer in making any modification referred to in Residual Certificates Conditions 12.6(a) to 12.6(e) (other than in respect of a Basic Terms Modification) to these Residual Certificates Conditions and/or any Transaction Document **provided that**:
 - (i) at least 30 days' prior written notice of any such proposed modification has been given to the Note Trustee and the Security Trustee;
 - (ii) the Modification Certificate and Base Rate Modification Certificate in relation to such modification shall be provided to the Note Trustee and the Security Trustee both at the time the Note Trustee and the Security Trustee are notified of the proposed modification and on the date that such modification takes effect;
 - (iii) the written consent of each Secured Creditor which is party to the relevant Transaction Document has been obtained (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document);
 - (iv) the Note Trustee and the Security Trustee is satisfied that it has been or will be reimbursed all costs, fees and expenses (including reasonable and properly incurred legal fees) incurred by it in connection with such modification;
 - (v) other than in the case of a modification pursuant to Residual Certificates Condition 12.6(b)(ii), the Issuer, the Relevant Party or the relevant Servicer (on behalf of the Issuer) obtains from each of the Rating Agencies, a Rating Agency Confirmation or, in the case of a Non-Responsive Rating Agency only, certifies in writing to the Issuer (in the case of the Relevant Party or the relevant Servicer) and the Note Trustee that the provisions of Residual Certificates Condition 17

(*Replacement Notes*) have been satisfied in relation to the request for such Rating Agency Confirmation with respect to the Non-Responsive Rating Agency; and

- (vi) the Issuer certifies (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without further enquiry or liability) in writing to the Note Trustee and the Security Trustee (which certification may be in the Modification Certificate) that in relation to such modification (I) the Issuer has provided at least 30 days' notice to the Noteholders of the proposed modification in accordance with Residual Certificates Condition 15 (*Notice to Certificateholders*) and by publication on Bloomberg on the "Company News" screen relating to the Issuer, in each case specifying the date and time by which Noteholders must respond, and has made available at such time the modification documents for inspection at the registered office of the Note Trustee for the time being during normal business hours, and (II) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer in accordance with the notice provided above and the then current practice of any applicable clearing system through which such Notes may be held within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Residual Certificates Condition 12 (*Meetings of Certificateholders and Noteholders, Modification, Waiver and Substitution*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

12.7 When implementing any modification pursuant to Residual Certificates Condition 12.6:

- (a) (save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification) the Note Trustee shall not consider the interests of the Certificateholders, any other Secured Creditor or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Residual Certificates Condition 12.6 and shall not be liable to the Certificateholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (b) neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the sole opinion of the Note Trustee or the Security Trustee, as applicable, would have the effect of (i) exposing the Note Trustee or the Security Trustee, as applicable, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Note Trustee or the Security Trustee, as applicable, in the Transaction Documents and/or these Residual Certificates Conditions.

- 12.8 The Note Trustee may, and may direct the Security Trustee to, without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without prejudice to its rights in respect of any further or other breach, from time to time and at any time, but only if and in so far as in the sole opinion of the Note Trustee (acting in accordance with the Trust Deed) the interests of the Noteholders (or, if there are no Notes outstanding, the Certificateholders) will not be materially prejudiced thereby, authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions, the Residual Certificates Conditions or any of the Transaction Documents by any party thereto, provided that the Note Trustee shall not exercise any powers conferred on it by this Residual Certificates Condition 12.8 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or by a direction under Residual Certificates Condition 10 (*Events of Default*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made.
- 12.9 Any such modification, waiver, authorisation or determination by the Note Trustee, in accordance with the Conditions, these Residual Certificates Conditions or the Transaction Documents shall be binding on the Certificateholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Certificateholders as soon as practicable thereafter in accordance with Residual Certificates Condition 15 (*Notice to Certificateholders*).
- 12.10 Any modification to the Transaction Documents shall be notified by the Issuer in writing to the Rating Agencies.
- 12.11 In connection with any such substitution of principal debtor referred to in Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*), the Note Trustee and the Security Trustee may also agree, without the consent of the Certificateholders or the other Secured Creditors, to a change of the laws governing the Residual Certificates, these Residual Certificates Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee or, as the case may be, the Security Trustee be materially prejudicial to the interests of the Certificateholders or the other Secured Creditors.
- 12.12 Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Residual Certificates Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee is required to have regard to the interests of the Certificateholders, it shall have regard to the general interests of the Certificateholders but shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Certificateholders be entitled to claim from the Issuer, the Note Trustee or the Security Trustee or any other person, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Certificateholders.
- 12.13 Other than in respect of any matter requiring an Extraordinary Resolution, Certificateholders are required to vote by way of an Ordinary Resolution.

12.14 "**Ordinary Resolution**" means:

- (a) a resolution passed at a meeting of Certificateholders duly convened and held in accordance with the Trust Deed and the Residual Certificates Conditions by not less than a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll;
- (b) a resolution in writing signed by or on behalf of the Certificateholders of not less than a clear majority in number of the Residual Certificates then in issue, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Certificateholders; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Certificateholders of not less than a clear majority in number of the Residual Certificates then in issue.

12.15 "**Extraordinary Resolution**" means:

- (a) a resolution passed at a meeting of Certificateholders duly convened and held in accordance with the Trust Deed and the Residual Certificates Conditions by a majority consisting of not less than 75 per cent. of the Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll;
- (b) a resolution in writing signed by or on behalf of the Certificateholders of not less than 75 per cent. in number of the holders of the Residual Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Certificateholders; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Certificateholders of not less than 75 per cent. in number of the holders of the Residual Certificates then in issue.

12.16 "**Eligible Person**" means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a bearer of any Voting Certificate; and
- (b) a proxy specified in any Block Voting Instruction.

12.17 "**Voting Certificate**" means an English language certificate issued by a Paying Agent in which it is stated:

- (a) that on the date thereof the Notes and/or Residual Certificates (not being the Notes and/or Residual Certificates (as applicable) in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Notes and/or Residual Certificates will cease to be so blocked until the first to occur of:
- (b) the conclusion of the meeting specified in such Voting Certificate; and
- (c) the surrender of the Voting Certificate to the Paying Agent who issued the same; and

- (d) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes and/or Residual Certificates represented by such Voting Certificate.

12.18 "**Block Voting Instruction**" means an English language document issued by a Paying Agent in which:

- (a) it is certified that on the date thereof Notes and/or Residual Certificates (not being Notes and/or Residual Certificates (as applicable) in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Notes and/or such Residual Certificates will cease to be so blocked until the first to occur of:
 - (i) the conclusion of the meeting specified in such Block Voting Instruction; and
 - (ii) the Notes and/or the Residual Certificates ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;
- (b) it is certified that each holder of such Notes and/or such Residual Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the Residual Certificates so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment;
- (c) the aggregate principal amount or aggregate total amount of the Notes and/or the number of Residual Certificates so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (d) one or more persons named in such Block Voting Instruction (each hereinafter called a "**proxy**") is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes and/or the Residual Certificates so listed in accordance with the instructions referred to in Condition 12.18(c) as set out in such Block Voting Instruction, provided that no such person shall be named as a proxy:
 - (i) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
 - (ii) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the meeting when it is resumed.

12.19 Details of any Extraordinary Resolution and any Ordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to each of the Rating Agencies by the Issuer.

12.20 **Issuer Substitution Condition**

The Note Trustee may agree, subject to such amendment of these Residual Certificates Conditions and of any of the Transaction Documents, and to such other conditions as the Note Trustee may require and subject to the terms of the Trust Deed, but without the consent of the Certificateholders,

to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Residual Certificates and in respect of the other Secured Obligations, provided that the conditions set out in the Trust Deed are satisfied including, *inter alia*, that the Residual Certificates are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Residual Certificates Condition 5 (*Issuer Covenants*) (the "**Issuer Substitution Condition**"). In the case of a substitution pursuant to this Residual Certificates Condition 12.20, the Note Trustee may in its absolute discretion agree, and may direct the Security Trustee to agree, without the consent of the Certificateholders, to a change in law governing the Residual Certificates and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Certificateholders.

13. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or prefunded and/or secured to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual Certificateholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

14. REPLACEMENT OF RESIDUAL CERTIFICATES

If any Residual Certificate is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar subject to all applicable laws. Replacement of any mutilated, defaced, lost, stolen or destroyed Residual Certificate will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Residual Certificate must be surrendered before a new one will be issued.

15. NOTICE TO CERTIFICATEHOLDERS

15.1 Publication of Notice

While the Residual Certificates are represented by a Global Residual Certificate, notices to Certificateholders will be valid if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Certificateholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid, shall be deemed to have been given on the day of such delivery.

While the Residual Certificates are represented by Definitive Residual Certificates, the Note Trustee shall be at liberty to sanction any method of giving notice to the Certificateholders if, in its opinion, such method is reasonable having regard to market practice then prevailing and provided that notice

of such other method is given to the Certificateholders in such manner as the Note Trustee shall deem appropriate.

15.2 Note Trustee's Discretion to Select Alternative Method

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Certificateholders or category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the quotation systems on or by which the Residual Certificates are then quoted and/or traded and provided that notice of such other method is given to the Certificateholders in such manner as the Note Trustee shall require.

16. REPLACEMENT RESIDUAL CERTIFICATES

If the Issuer Substitution Condition is satisfied, the Issuer may, without the consent of the Certificateholders, issue replacement residual certificates to replace the Residual Certificates, which shall have terms and conditions which may differ from the terms and conditions of the Residual Certificates which it replaces.

17. NON-RESPONSIVE RATING AGENCY

- (a) In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Residual Certificates and any of the Transaction Documents, the Note Trustee and the Security Trustee shall be entitled but not obliged to take into account any written confirmation or affirmation (in any form acceptable to the Note Trustee and the Security Trustee) from the Rating Agencies that the then current ratings of the Rated Notes will not be reduced, qualified, adversely affected or withdrawn thereby (a "**Rating Agency Confirmation**").
- (b) If a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Note Trustee and the Security Trustee, as applicable) and:
 - (i) (A) one or more Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and (if there is only one Non-Responsive Rating Agency)
 - (ii) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts,

then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors certifying and confirming that, if there is only one Non-Responsive Rating Agency, each of the events in sub-paragraph (i)(A) or (i)(B) above and sub-paragraph (ii) above has occurred or if there is more than one Non-Responsive Rating Agency that the events in sub-paragraph (i)(A) or (i)(B) above are satisfied. Each of the Note Trustee and the Security Trustee may rely on such certificate absolutely without further enquiry and without liability.

18. JURISDICTION AND GOVERNING LAW

- (a) The Courts of England (the "**Courts**") are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Residual Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Residual Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Residual Certificates and/or the Transaction Documents may be brought in such Courts.
- (b) The Transaction Documents, the Notes, the Residual Certificates and these Residual Certificates Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law except that, to the extent that the provisions of the Mortgage Sale Agreement, the Deed of Charge and any documents supplemental thereto relate to Scottish Loans or the Northern Irish Loans, such provisions and documents shall be construed in accordance and/or governed by Scots law or Northern Irish law, as applicable.

19. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Residual Certificates or these Residual Certificates Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TAXATION

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue & Customs ("HMRC") practice relating Only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for tax purposes) in respect of the Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. The United Kingdom tax treatment of prospective Noteholders and Certificateholders depends on their individual circumstances and may be subject to change in the future (possibly with retrospective effect). Prospective Noteholders and Certificateholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payment of Interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. Euronext Dublin is a recognised stock exchange for such purposes. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in Member States of the European Economic Area and are admitted to trading on the Regulated Market of Euronext Dublin. Provided, therefore, that the Notes carry a right to interest and are and remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom income tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any available exemptions or reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes or Residual Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes and Residual Certificates, such withholding would not apply prior to the date that is two years after the date on which final U.S. Treasury regulations defining the term "foreign passthru payment" are filed with the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of

FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes or Residual Certificates. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes or Residual Certificates, no person will be required to pay additional amounts as a result of the withholding.

The proposed EU financial transaction tax

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the "**Commission's Proposal**"), for a financial transaction tax ("**FTT**") to be adopted in certain participating member states of the European Union ("**Member States**") (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia), although Estonia has since stated that it will not participate. If the Commission's Proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the financial transaction is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate.

Prospective Noteholders are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Lead Manager has pursuant to a subscription agreement dated 21 August 2020 between, amongst others, the Seller (as **Note Purchaser**), Merrill Lynch International (as the "**Arranger**" and "**Lead Manager**") and the Issuer (the "**Subscription Agreement**"), agreed with the Issuer (subject to certain conditions) to subscribe and pay for:

- (i) £189,600,000 of the Class A Notes at the issue price of 99.13 per cent. of the aggregate principal amount of the Class A Notes.

The Note Purchaser has agreed, pursuant to the Subscription Agreement, with the Issuer (subject to certain conditions) to subscribe and pay for:

- (i) £17,300,000 of the Class B Notes at the issue price of 93.26 per cent. of the aggregate principal amount of the Class B Notes;
- (ii) £12,400,000 of the Class C Notes at the issue price of 93.65 per cent. of the aggregate principal amount of the Class C Notes;
- (iii) £9,300,000 of the Class D Notes at the issue price of 92.38 per cent. of the aggregate principal amount of the Class D Notes;
- (iv) £4,400,000 of the Class E Notes at the issue price of 89.86 per cent. of the aggregate principal amount of the Class E Notes;
- (v) £2,500,000 of the Class F Notes at the issue price of 86.99 per cent. of the aggregate principal amount of the Class F Notes;
- (vi) £3,800,000 of the Class G Notes at the issue price of 23.22 per cent. of the aggregate principal amount of the Class G Notes;
- (vii) £1,750,000 of the Class X1 Notes at the issue price of 98.98 per cent. of the aggregate principal amount of the Class X1 Notes;
- (viii) £1,250,000 of the Class X2 Notes at the issue price of 95.55 per cent. of the aggregate principal amount of the Class X2 Notes;
- (ix) £8,630,000 of the Class Z1 Notes at the issue price of 100.00 per cent. of the aggregate principal amount of the Class Z1 Notes; and
- (x) £4,580,000 of the Class Z2 Notes at the issue price of 100.00 per cent. of the aggregate principal amount of the Class Z2 Notes,

as at the Closing Date.

The Issuer has agreed to indemnify the Lead Manager against certain liabilities in connection with the issue of the Notes.

Other than admission of the Listed Notes to the Euronext Dublin, no action will be taken by the Issuer, the Arranger, Lead Manager or the Seller which would or is intended to permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

Except with the express written consent of the Seller in the form of a U.S. Risk Retention Consent and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes or the Residual Certificates offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any person except for persons that are not Risk Retention U.S. Persons. Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of "U.S. person" in Regulation S.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from registration requirements of the Securities Act and applicable state securities laws. The Notes are not transferable except in accordance with the restrictions described herein. Accordingly, the Notes are being offered and sold by the Lead Manager solely to non-U.S. persons in offshore transactions in reliance on Regulation S. The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder.

The Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes as part of its distribution (if any) or at any time or otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the "distribution compliance period") within the United States or to, or for the account or benefit of, U.S. persons and, it will have sent to each affiliate or other dealer (if any) to which it sells Notes during the distribution compliance period, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act. Offers and sales of the Notes within the United States or to U.S. persons is further restricted as specified in the section entitled "*Certain Regulatory Requirements*".

United Kingdom

The Arranger has represented to and agreed with the Issuer that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Ireland

The Arranger has represented, warranted and agreed with the Issuer that:

- (a) it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the issue of any Notes otherwise than in conformity with the provisions of the European Union (Markets in

Financial Instruments) Regulations 2017 (S.I. No. 375 of 2017) (as amended) and any codes of conduct issued in connection therewith, the provisions of the Investor Compensation Act 1998 (as amended) and the Investment Intermediaries Act 1995 (as amended) and it will conduct itself in accordance with any codes and rules of conduct, conditions, requirements and any other enactment, imposed or approved by the Central Bank of Ireland (the "**Central Bank**") with respect to anything done by it in relation to the Notes;

- (b) it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the issue of any Notes other than in conformity with the provisions of the Central Bank Acts 1942-2018 (as amended) including any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989 (as amended), the Central Bank (Investment Market Conduct) Rules 2019 (S.I. No. 366 of 2019) and any regulations issued pursuant to Part 8 of the Central Bank (Supervision and Enforcement) Act 2013 (as amended);
- (c) it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the issue of any Notes in Ireland otherwise than in conformity with the provisions of the European Union (Prospectus) Regulations 2019 (S.I. No. 380 of 2019), the EU Prospectus Regulation 2017/1129 and any rules issued under Section 1363 of the Companies Act 2014 (as amended) by the Central Bank;
- (d) it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the issue of any Notes in Ireland otherwise than in compliance with the provisions of (A) the Market Abuse Regulation (Regulation EU 596/2014); (B) the Market Abuse Directive on criminal sanctions for market abuse (Directive 2014/57/EU); (C) the European Union (Market Abuse) Regulations 2016 (S.I. No. 349 of 2016) (as amended); and (D) any rules issued by the Central Bank pursuant thereto and/or under Section 1370 of the Companies Act 2014 (as amended);
- (e) it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the issue of any Notes otherwise than in compliance with the provisions of Companies Act 2014 (as amended);

as each of the foregoing may be amended, restated, varied, supplemented and/or otherwise replaced from time to time.

Prohibition of Sales to EEA Retail Investors and UK Retail Investors

The Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

General

Each of the Issuer, the Arranger, the Lead Manager and the Seller has acknowledged that, save for having obtained the approval of the Prospectus as a prospectus in accordance with the Prospectus Regulation, applying for admission of the Notes to the Official List of Euronext Dublin and applying for the admission of the Notes to trading on its Regulated Market, no action has been taken by the Issuer, the Arranger, the Lead Manager or the Seller that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Issuer, Arranger and the Lead Manager, and the Seller has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and Sales

The Notes (including interests therein represented by a Global Note, a Registered Definitive Note or a Book-Entry Interest) have not been and will not be registered under the Securities Act or any state securities laws or "blue sky" laws of any state or any other relevant jurisdiction of the United States, and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) at any time except pursuant to an exemption from registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions pursuant to Regulation S.

Investor Representations

Each purchaser of the Notes or the Residual Certificates (which term for the purposes of this section will be deemed to include any interest in the Notes or Residual Certificates, including Book-Entry Interests) during the initial syndication will be deemed to have represented and agreed as follows: it (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained a U.S. Risk Retention Consent, (2) is acquiring such Note, Residual Certificate or a beneficial interest therein for its own account and not with a view to distribute such Notes or Residual Certificates and (3) is not acquiring such Note, Residual Certificate or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules);

Investor Representations and Restrictions on Resale

Each purchaser of the Notes (which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) will be deemed to have represented and agreed as follows:

- (a) the Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S) unless registered under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act, and, in each case, only in accordance with any applicable securities laws of any state or other jurisdiction of the United States. If the purchaser is purchasing the Notes within the period beginning on the later of the commencement of the offering of the Notes and the closing of the offering of the Notes and ending 40 days thereafter, such purchaser is not a U.S. person and is not acquiring the Notes for the account or benefit of a U.S. person;
- (b) unless the relevant legend set out below has been removed from the Notes such purchaser shall notify each transferee of Notes (as applicable) from it that (i) such Notes have not been registered under the Securities Act, (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) above, and (iii) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing; and
- (c) the Issuer, the Registrar, the Note Purchaser and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

The Notes bear a legend to the following effect:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, AS A MATTER OF U.S. LAW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) (1) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (2) OTHERWISE PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES."

EACH PURCHASER OR HOLDER OF THIS NOTE SHALL BE DEEMED TO HAVE REPRESENTED BY SUCH PURCHASE AND/OR HOLDING THAT (I) IT IS NOT AND IS NOT USING THE ASSETS OF A BENEFIT PLAN INVESTOR, AND SHALL NOT AT ANY TIME HOLD THIS NOTE FOR OR ON BEHALF OF A BENEFIT PLAN INVESTOR AND (II) IT IS NOT AND IS NOT USING THE ASSETS OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO FEDERAL, STATE, LOCAL OR NON-U.S. LAWS WHICH ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, ("**ERISA**") OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"). THE TERM "**BENEFIT PLAN INVESTOR**" SHALL MEAN (I) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), WHICH IS SUBJECT TO TITLE I OF ERISA, (II) A PLAN DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE CODE, OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY UNDER U.S. DEPARTMENT OF LABOR REGULATIONS § 2510.3-101 (29 C.F.R. § 2510-101) AS MODIFIED BY SECTION 3(42) OF ERISA.

Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

GENERAL INFORMATION

1. It is expected that the admission of the Notes to the Official List of Euronext Dublin and the admission of the Notes to trading on Euronext Dublin's Regulated Market will be granted on or around 21 August 2020.
2. The Issuer's LEI number is 213800G2XU9VVSXRMZ98 and its securitisation transaction unique identifier is 213800G2XU9VVSXRMZ98N20201.
3. None of the Issuer or Holdings is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Holdings respectively is aware) since 23 July 2020 and 20 July 2020 (being the respective date of incorporation of each of the Issuer and Holdings) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer or Holdings (as the case may be).
4. No statutory or non-statutory accounts within the meaning of sections 434 and 435 of the Companies Act 2006 (as amended) in respect of any financial year of the Issuer have been prepared. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2021. So long as the Notes are admitted to trading on Euronext Dublin's Regulated Market, the most recently published audited annual accounts of the Issuer from time to time shall be available at the specified office of the Principal Paying Agent in London. The Issuer does not publish interim accounts.
5. For so long as the Notes are admitted to the Official List of Euronext Dublin and to trading on Euronext Dublin's Regulated Market, the Issuer shall maintain a Paying Agent in the United Kingdom.
6. Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.
7. Since 23 July 2020 and 20 July 2020 (being the respective date of incorporation of each of the Issuer and Holdings), there has been (a) no material adverse change in the financial position or prospects of the Issuer or Holdings and (b) no significant change in the financial or trading position of the Issuer or Holdings.
8. The issue of the Notes and the Residual Certificates was authorised pursuant to a resolution of the board of directors of the Issuer passed on or around 18 August 2020.
9. The Notes and the Residual Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISINs and Common Codes:

| Class of Notes/Residual Certificates | ISIN | Common Code |
|---|--------------|--------------------|
| Class A Notes | XS2215921748 | 221592174 |
| Class B Notes | XS2215922043 | 221592204 |
| Class C Notes | XS2215922126 | 221592212 |
| Class D Notes | XS2215922399 | 221592239 |
| Class E Notes | XS2215922472 | 221592247 |
| Class F Notes | XS2215922639 | 221592263 |
| Class G Notes | XS2215922803 | 221592280 |
| Class X1 Notes | XS2215923108 | 221592310 |
| Class X2 Notes | XS2215923280 | 221592328 |

| Class of Notes/Residual Certificates | ISIN | Common Code |
|---|--------------|--------------------|
| Class Z1 Notes | XS2215922985 | 221592298 |
| Class Z2 Notes | XS2215923447 | 221592344 |
| Residual Certificates | XS2215928164 | 221592816 |

10. From the date of this Prospectus and for so long as the Notes are listed on Euronext Dublin and admitted to trading on its Regulated Market, copies of the following documents (and any amendments thereto from time to time) will be available electronically at the website of Euro ABS at www.euroabs.com:

- (a) the memorandum and articles of association of each of the Issuer and Holdings;
- (b) the following documents:
 - (i) the Agency Agreement;
 - (ii) the Deed Poll;
 - (iii) the Deed of Charge;
 - (iv) the Cash Management Agreement;
 - (v) the Master Definitions and Construction Schedule;
 - (vi) the Mortgage Sale Agreement;
 - (vii) the Deed of Assignment of Legal Title;
 - (viii) the Deed of Covenant;
 - (ix) the Corporate Services Agreement;
 - (x) the Bank Account Agreement;
 - (xi) the ALBA 2006 Collection Account Agreement;
 - (xii) the ALBA 2015 Collection Account Agreement;
 - (xiii) the ALBA 2015 Servicing Agreement;
 - (xiv) the ALBA 2006 Servicing Agreement;
 - (xv) the Scottish Trust Security;
 - (xvi) the Scottish Declaration of Trust;
 - (xvii) the Share Trust Deed;
 - (xviii) Risk Retention Letter; and
 - (xix) the Trust Deed.

11. From the Closing Date and for so long as the Notes remain outstanding (including the period while this Prospectus is valid and the Notes are listed on Euronext Dublin and admitted to trading on its Regulated Market), the Cash Manager on behalf of the Issuer will publish the Investor Report. The defined terms used in the Investor Reports shall, by reference, incorporate the defined terms set out generally in the Prospectus and more specifically in the Master Definitions and Construction Schedule. Such Investor Reports will be published on the website at <http://sf.citidirect.com>. Investor Reports will also be made available to the Issuer, the relevant Servicer, the Security Trustee, the Rating Agencies, Bloomberg and EuroABS. It is also intended that Investor Reports and information on the Loans in the Portfolio will be published on the website at www.euroabs.com provided that neither the Issuer nor any other Relevant Party assumes any liability for any failure to publish any such information thereon. Other than as outlined above, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Loans.
12. The Issuer confirms that the Loans and other assets of the Issuer backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. Investors are advised that this confirmation is based on the information available to the Issuer at the date of this Prospectus and may be affected by the future performance of such assets backing the issue of the Notes. Investors are advised to review carefully any disclosure in the Prospectus together with any amendments or supplements thereto.
13. Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Regulated Market of Euronext Dublin.
14. Any website referred to in this document does not form part of the Prospectus.
15. The Issuer is the designated entity for the purposes of the Article 7(2) of the Securitisation Regulation. The Issuer will procure that EuroABS will:
 - (a) from the date of this Prospectus:
 - (i) publish a quarterly investor report in respect of each Determination Period, as then required by and in accordance with Article 7(1)(e) of the Securitisation Regulation (the "**SR Investor Report**"); and
 - (ii) publish on a quarterly basis certain aggregated loan-by-loan information in relation to the Portfolio in respect of each Determination Period as then required by and in accordance with Article 7(1)(a) of the Securitisation Regulations and in the form required by the Bank of England for the purpose of the Bank of England's sterling monetary framework,in each case, in the form prescribed as at such time under the Securitisation Regulation;
 - (b) publish without delay, any inside information relating to the Issuer which the Issuer determines it is obliged to make in accordance with Article 17 of Regulation (EU) No 596/2014 in accordance with Article 7(1)(f) of the Securitisation Regulation and will be disclosed to the public by the Issuer in the manner prescribed under the Securitisation Regulation; and
 - (c) make available, within 5 Business Days of the issuance of the Notes, copies of the relevant Transaction Documents and this Prospectus via <https://euroabs.com/> (or such other website as may be notified by EuroABS to the Issuer, the Security Trustee, each Rating Agency, the Noteholders from time to time).

16. In addition, the Issuer confirms that it (or EuroABS on its behalf) has made available the documents required by Article 7(1)(b) of the Securitisation Regulation prior to the pricing date of the Notes.
17. The reports set out in paragraph 15(a)(i) above and the documentation and information set out in paragraphs 15(a)(ii) and 15(b) above as at the date of this Prospectus have been or, as applicable, shall be published on the website at <https://euroabs.com/> (or such other website as may be notified by EuroABS to the Issuer, the Security Trustee, each Rating Agency and the Noteholders from time to time, being a website that conforms to the requirements set out in Article 7(2) of the Securitisation Regulation). The Issuer intends to appoint EuroABS as an SR Repository. Such reports and information will be made available through the SR Repository, once appointed. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

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ISSUER

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