

# IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED BELOW).

**IMPORTANT: YOU MUST READ THE FOLLOWING BEFORE CONTINUING.** THE FOLLOWING APPLIES TO THIS PROSPECTUS FOLLOWING THIS PAGE, AND YOU ARE THEREFORE ADVISED TO READ THIS CAREFULLY BEFORE READING, ACCESSING OR MAKING ANY OTHER USE OF THIS PROSPECTUS. IN ACCESSING THIS 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. YOU ACKNOWLEDGE THAT YOU WILL NOT FORWARD THIS ELECTRONIC FORM OF THIS PROSPECTUS TO ANY OTHER PERSON.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES OF BRASS NO.10 PLC (THE **ISSUER**) IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **INVESTMENT COMPANY ACT**) AND THE SECURITIES 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 UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS. CERTAIN OF THE SECURITIES WILL BE OFFERED AND SOLD IN THE UNITED STATES TO A LIMITED NUMBER OF QUALIFIED INSTITUTIONAL BUYERS (**QIBs**) (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) ACTING ON THEIR OWN BEHALF OR ON THE BEHALF OF ONE OR MORE OTHER QIBs, IN EACH CASE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT. THE NOTES ARE NOT TRANSFERABLE EXCEPT UPON SATISFACTION OF CERTAIN CONDITIONS AS DESCRIBED IN THE SECTION ENTITLED "TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS" BELOW.

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (**EEA**). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, **EU MIFID II**) OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE **EU INSURANCE DISTRIBUTION DIRECTIVE**), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF EU MIFID II. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) No 1286/2014 (THE **EU PRIIPS REGULATION**) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE EU PRIIPS REGULATION.

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM (**UK**). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS

A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018; OR (II) A CONSUMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE **FSMA**) AND ANY RULES OR REGULATIONS MADE UNDER FSMA WHICH WERE RELIED ON IMMEDIATELY BEFORE EXIT DAY TO IMPLEMENT THE EU INSURANCE DISTRIBUTION DIRECTIVE, WHERE THAT CONSUMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW OF THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY THE EU PRIIPS REGULATION AS IT FORMS PART OF DOMESTIC LAW OF THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE **UK PRIIPS REGULATION**) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

PROSPECTIVE INVESTORS ARE REFERRED TO THE SECTIONS HEADED "SUBSCRIPTION AND SALE – PROHIBITION OF SALES TO EEA RETAIL INVESTORS" AND "SUBSCRIPTION AND SALE – PROHIBITION OF SALES TO UK RETAIL INVESTORS" ON PAGE 344 BELOW FOR FURTHER INFORMATION.

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 SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE FOLLOWING PROSPECTUS HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THIS PROSPECTUS MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED AND YOU MAY NOT, NOR ARE YOU AUTHORISED TO, DELIVER THIS PROSPECTUS TO ANY OTHER PERSON. BY ACCESSING THIS 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 THIS PROSPECTUS BY ELECTRONIC TRANSMISSION, (C) YOU ARE EITHER (I) 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 OR (II) A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN EACH CASE ACTING FOR YOUR OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs 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.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Brass No.10 PLC (the **Issuer**), Yorkshire Building Society (**YBS**), Accord Mortgages Limited (**Accord**), Lloyds

Bank Corporate Markets plc (**Lloyds**, the **Arranger** and a **Joint Lead Manager**), Lloyds Securities Inc. (**LSI** and a **Joint Lead Manager**), Barclays Bank PLC (**Barclays** and a **Joint Lead Manager**), Citigroup Global Markets Limited (**Citigroup** and a **Joint Lead Manager** and together with Lloyds, LSI and Barclays, the **Joint Lead Managers**) 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 this Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

This Prospectus has been prepared by the Issuer solely for use in connection with the sale of the Notes offered pursuant to this Prospectus. The Class Z VFN are not being offered pursuant to this Prospectus. This Prospectus is personal to each offeree to whom it has been delivered by the Issuer and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of this Prospectus to any persons other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited. Each prospective investor in the United States, by accepting delivery of this Prospectus, agrees to the foregoing and to make no photocopies of this Prospectus or any documents related hereto and, if the offeree does not purchase any note or the offering is terminated, to return this Prospectus and all documents attached hereto to the Joint Lead Managers.

The Notes are offered subject to prior sale or withdrawal, cancellation or modification of this offering without notice. The Issuer and the Joint Lead Managers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason and to allot to any prospective purchaser less than the full amount of Notes sought by such investor.

You acknowledge that you have been afforded an opportunity to request from the Issuer, and have received and reviewed, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this Prospectus. You also acknowledge that you have not relied on the Arranger, the Joint Lead Managers or any person affiliated with the Arranger or the Joint Lead Managers in connection with the investigation of the accuracy of such information or your investment decision. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective purchaser should consult its own attorney, business adviser and tax adviser for legal, business and tax advice relating to an investment in the Notes.

This Prospectus summarises documents and other information in a manner that does not purport to be complete, and these summaries are subject to, and qualified in their entirety by reference to, all of the provisions of such documents. In making an investment decision, you must rely on your own examination of these documents (copies of which are available from the Issuer or the Joint Lead Managers upon request), the Issuer and the terms of the offering and the Notes, including the merits and risks involved.

No representation or warranty is made by the Arranger, the Joint Lead Managers, the Issuer or any other person as to the legality under legal investment or similar laws of an investment in the Notes or the classification or treatment of the Notes under any risk-weighting, securities valuation, regulatory accounting or other financial institution regulatory regimes of the National Association of Insurance Commissioners, any state insurance commissioner, any federal or state banking authority, or any other regulatory body. You should obtain your own legal, accounting, tax and financial advice as to the desirability of an investment in the Notes, and the consequences of such an investment.

## BRASS NO.10 PLC

(incorporated in England and Wales with limited liability and registered number 13122354)

**Legal Entity Identifier: 213800UCE3NFG8SQKH09**

**Securitisation transaction unique identifier: WXD0EHQRPI7HKN3I5T57N202101**

Class of Notes	Initial Principal Amount	Issue Price	Interest Rate	Relevant Margin	Step-Up Date	Expected Ratings (Fitch/Moody's)	Final Maturity Date
<b>Class A1 Notes</b>	\$300,000,000	100%	Prior to the Step-Up Date, 0.669% fixed  After Step-Up Date, Compounded Daily SOFR plus the Relevant Margin (together subject to a floor of zero)	On and after the Step-Up Date 1.14% per annum	The Interest Payment Date falling in April 2026	AAA sf/Aaa (sf)	The Interest Payment Date falling in April 2069
<b>Class A2 Notes</b>	£264,000,000	100%	Compounded Daily SONIA plus the Relevant Margin (together subject to a floor of zero)	Prior to the Step-Up Date 0.33% per annum and on and after the Step-Up Date 0.66% per annum	The Interest Payment Date falling in April 2026	AAA sf/Aaa (sf)	The Interest Payment Date falling in April 2069
<b>Class A3 Notes</b>	£1,000,000,000	100%	Compounded Daily SONIA plus the Relevant Margin (together subject to a floor of zero)	Prior to the Step-Up Date 0.45% per annum and on and after the Step-Up Date 0.90% per annum	The Interest Payment Date falling in April 2026	AAA sf/Aaa (sf)	The Interest Payment Date falling in April 2069
<b>Class Z VFN</b>	£450,000,000 (of which £243,908,000 shall be subscribed for as at the Closing Date)	100%	Compounded Daily SONIA plus the Relevant Margin (together subject to a floor of zero)	0%	N/A	Not rated	The Interest Payment Date falling in April 2069

**Closing Date** The Issuer will issue the Notes in the classes set out above on 30 March 2021 (the **Closing Date**).

**Underlying Assets** The Issuer will make payments on the Notes from payments of principal and revenue received from a portfolio (the **Portfolio**) comprising mortgage loans originated by Accord Mortgages Limited (the **Seller** or **Accord**) and secured over residential properties located in England, Wales and Scotland. The Initial Portfolio will be purchased by the Issuer from the Seller on the Closing Date and Additional Loans may be purchased by the Issuer from the Seller on any Further Sale Date occurring during the Further Sale Period. See the section entitled "Characteristics of the Cut-Off Date Portfolio" for further details of the Initial Portfolio.

**Credit Enhancement and Liquidity Support**

- In respect of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes (together, the **Class A Notes**) only, subordination by way of the Class Z VFN.
- In respect of the Class A Notes, the availability of the General Reserve Fund, as funded by the Class Z VFN on the Closing Date.

- Upon Yorkshire Building Society (**YBS** or the **Society**) ceasing to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 or a long-term issuer default rating by Fitch of at least BBB or a short-term issuer default rating by Fitch of at least F2, the availability of the Liquidity Reserve Fund (in relation to the Class A Notes only), as funded by Available Principal Receipts.
- Excess Available Revenue Receipts.
- In respect of the Class A Notes only, the application in certain circumstances of Principal Receipts to provide for any Revenue Deficiency (as defined herein) in the Available Revenue Receipts.
- In respect of the Class A Notes only, the application in certain circumstances of drawdowns under the Class Z VFN to fund any Class A1 Target Amortisation Amount Shortfall, any Class A2 Target Amortisation Amount Shortfall or any Class A3 Target Amortisation Amount Shortfall (as applicable), (provided that the Class Z VFN Holder, at its sole direction, agrees to advance such amounts to the Issuer).
- In respect of the Class A Notes only, the application in certain circumstances of drawdowns under the Class Z VFN as Available Revenue Receipts in an amount equal to any Covid-19 Revenue Shortfall Amount, (provided that the Class Z VFN Holder, at its sole direction, agrees to advance such amounts to the Issuer).
- During the Further Sale Period, the application of amounts standing to the credit of the Retained Principal Ledger to fund any Class A Target Amortisation Amount Shortfall.
- The reallocation of any Contractual Difference Amounts from Available Principal Receipts to Available Revenue Receipts.

See the sections entitled "Credit Structure" and "Terms and Conditions of the Notes" for further details.

#### **Redemption Provisions**

Information on any optional and mandatory redemption of the Notes is summarised on page 91 (Transaction Overview – Overview of the Terms and Conditions of the Notes) and set out in full in Condition 7 (Redemption).

#### **Benchmarks**

Interest payable on the Class A1 Notes prior to the Step-Up Date will be a fixed rate and following the Step-Up Date will be calculated by reference to the Secured Overnight Financing Rate (**SOFR**) and interest payable on the Notes (other than the Class A1 Notes) will be calculated by reference to the Sterling Overnight Index Average (**SONIA**).

As at the date of this Prospectus the administrators of SONIA and SOFR are not included in the European Securities and Markets Authority's register of administrators and benchmarks established and maintained in accordance with Article 36 of the Regulation (EU) No. 2016/1011 (as amended or superseded) (the **EU Benchmarks Regulation**).

The Bank of England, as administrator of SONIA, is exempt under Article 2 of the EU Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmark issued in 2017 by the International Organisation of Securities Benchmarks.

At the date of this Prospectus, the administrators of SONIA and SOFR are not included in the FCA's register of administrators under Article 36 of Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**) (the **UK Benchmarks Regulation**).

The Bank of England, as administrator of SONIA, is exempt under Article 2 of the UK Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmark issued in 2017 by the International Organisation of Securities Benchmarks.

#### **Rating Agencies**

Fitch Ratings Ltd. (**Fitch**) and Moody's Investors Service Limited (**Moody's** and, together with Fitch, the **Rating Agencies**). As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the United Kingdom and is registered under Regulation (EU) No. 1060/2009 (as amended) as it forms part of domestic law by virtue of the EUWA (the **UK CRA Regulation**). The ratings issued by the Rating Agencies have been endorsed by Fitch Ratings Ireland Limited and Moody's Deutschland GmbH, respectively. Each of Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is established in the EU and registered under Regulation (EU) No. 1060/2009 (as amended) (the **EU CRA Regulation**). As such, each of the Rating Agencies is included on the list of credit rating agencies published by the European Securities and Markets Authority on its website (at [www.esma.europa.eu/page/list-registered-and-certified-CRAs](http://www.esma.europa.eu/page/list-registered-and-certified-CRAs)) (this website and the contents thereof do not form part of this Prospectus) and by the FCA on its website (at <https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras>) (this website and the contents thereof do not form part of this Prospectus). In general, European and United Kingdom regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union or the United Kingdom (as applicable) and registered under the EU CRA Regulation or the UK CRA Regulation (as applicable).

All references to "Fitch" and "Moody's" in this Prospectus are to the entities as defined in the above paragraph.

#### **Ratings**

Ratings are expected to be assigned to the Class A Notes as set out above on the Closing Date. The Class Z VFN will not be rated. The assignment of ratings to the Notes is not a recommendation to invest in the Notes or to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Any credit rating assigned to the Class A Notes may be revised, suspended or withdrawn at any time.

Certain nationally recognised statistical rating organisations (**NRSROs**), as defined in Section 3(a)(62) of the

U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**), that were not hired by the Issuer to rate the Class A Notes may use information they receive pursuant to Rule 17g-5 under the Exchange Act to rate the Class A Notes. No assurance can be given as to what ratings non-hired NRSROs would assign. See "Risk Factors – Macroeconomic and Market Risks – The issuance of unsolicited ratings on the Class A Notes could adversely affect the market value and/or liquidity of the Class A Notes".

#### Listing

This Prospectus comprises of a prospectus for the purposes of Regulation (EU) 2017/1129 (the **EU Prospectus Regulation**). This Prospectus has been approved as a prospectus by the Central Bank of Ireland (the **Central Bank**), as competent authority under the EU Prospectus Regulation. The Central Bank only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Such approval relates only to the Class A Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (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 Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for the Class A Notes to be admitted to the official list (the **Official List**) and trading on its regulated market (the **Regulated Market**). The Regulated Market of Euronext Dublin is a regulated market for the purposes of the Markets in Financial Instruments Directive. Investors should make their own assessment as to the suitability of investing in the Notes.

The Class Z VFN will not be admitted to the Official List nor will it be admitted to trading on the Regulated Market. The Class Z VFN is not being offered by this Prospectus. Information contained in this Prospectus relating to the Class Z VFN is included herein for completeness.

#### Obligations

The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Notes will not be obligations of Accord, its affiliates or any other party named in this Prospectus other than the Issuer.

#### UK Retention Undertaking and EU Retention Undertaking

YBS will undertake to the Issuer and the Note Trustee, on behalf of the Noteholders, that it will retain on an ongoing basis a material net economic interest of at least 5% in the nominal value of the securitised exposures as required by (i) Article 6(1) of Regulation (EU) 2017/2402 as it forms part of domestic law by virtue of the EUWA (the **UK Securitisation Regulation**) together with any binding technical standards as amended, varied or substituted from time to time after the Closing Date (the **UK Retention Requirement**) and (ii) Article 6(1) of Regulation (EU) 2017/2402 together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time (the **EU Securitisation Regulation**) together with any binding technical standards (which does not take into account any relevant national measures) as if it were applicable to YBS and solely as it applies on the Closing Date (the **EU Retention Requirement**), respectively. As at the Closing Date, such interest will comprise of an interest equal to a minimum of 5% of the aggregate Principal Amount Outstanding of each Class of Notes, in accordance with Article 6(3)(a) of the UK Securitisation Regulation and Article 6(3)(a) of the EU Securitisation Regulation (as if it were applicable to YBS and solely as it applies on the Closing Date).

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

Potential EU affected investors should note that the obligation of YBS to comply with the EU Retention Requirement is strictly contractual pursuant to the terms of the Deed of Charge and applies with respect to Article 6 of the EU Securitisation Regulation together with any binding technical standards solely as in force on the Closing Date until such time (if ever) when YBS is able to certify to the Issuer and the Note Trustee that a competent EU authority has confirmed that the satisfaction of the UK Retention Requirement will also satisfy the EU Retention Requirement due to the application of an equivalency regime or similar analogous concept. In addition, to the extent that Article 6 of the EU Securitisation Regulation is amended or new binding technical standards are introduced, YBS will be under no obligation to comply with such amendments. Each potential EU affected investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Article 5 of the EU Securitisation Regulation and any corresponding national measures which may be relevant to investors and none of the Issuer, the Seller, the Note Trustee, the Joint Lead Managers, the Arranger or any other Transaction Party makes any representation that any such information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes.

#### U.S. Credit Risk Retention

YBS, as "sponsor" for purposes of Section 15G of the Exchange Act and the final rules related thereto published on 24 December 2014 in the Federal Register by the Joint Regulators (as defined below) (the **U.S. Credit Risk Retention Requirements**), is required under the U.S. Credit Risk Retention Requirements to acquire and retain, either directly or through a majority-owned affiliate, an economic interest in the credit risk of the interests created by the Issuer on the Closing Date in an amount of, in the case of vertical risk retention, not less than 5% YBS expects to retain an eligible vertical interest (the **EVI**) equal to a minimum of 5% of the aggregate ABS interests (as defined in the U.S. Credit Risk Retention Requirements) issued by the Issuer being, cumulatively, the Principal Amount Outstanding of each Class of Notes plus any Deferred Consideration payable to the Seller. Please refer to the section entitled "Regulatory Requirements – U.S. Credit Risk Retention Requirements".

**UK  
Transparent  
Standardised  
Securitisation**      **Simple,  
and**

On or about the Closing Date, it is intended that a notification will be submitted to the FCA by YBS, as originator, in accordance with Article 27 of the UK Securitisation Regulation, confirming that the requirements of Articles 18-22 of the UK Securitisation Regulation (the **UK STS Requirements**) have been satisfied with respect to the Notes (such notification, the **UK STS Notification**). It is not intended that the issue of the Notes comply with the requirements of Article 18-22 of the EU Securitisation Regulation. Any events which trigger changes in any Priority of Payments and any change in any Priority of Payment which will materially adversely affect the repayment of the Notes shall be disclosed without undue delay to the extent required under Article 21(9) of the UK Securitisation Regulation.

The UK STS Notification, once notified to the FCA, will be available for download on the FCA STS Register website at <https://data.fca.org.uk/#/sts/stssecuritisations> (or its successor website) (the **FCA STS Register website**). For the avoidance of doubt, the FCA STS Register website and the contents thereof do not form part of this Prospectus. The UK STS status of the Notes is not static and investors should verify the current status on the FCA STS Register website, which will be updated where the Notes are no longer considered to be UK STS following a decision of competent authorities or a notification by YBS.

In relation to the UK STS Notification, YBS has been designated as the first contact point for investors and the FCA.

YBS and the Issuer has used the services of Prime Collateralised Securities (PCS) UK Limited (**PCS UK**) as a verification agent authorised under Article 28 of the UK Securitisation Regulation in connection with an assessment of the compliance of the Notes with the requirements of Articles 18-22 of the UK Securitisation Regulation (the **UK STS Verification**) and to prepare an assessment of compliance of the Notes with the relevant provisions of Article 243 and Article 270 of the UK CRR and Articles 7 and 13 of the UK LCR Regulation (the **UK STS Additional Assessments**). It is expected that the UK STS Verification prepared by PCS UK will be available on the PCS UK website (<https://www.pcsmarket.org/sts-verification-transactions/>) together with detailed explanations of its scope at <https://pcsmarket.org/disclaimer/> on and from the Closing Date. For the avoidance of doubt, this PCS UK website and the contents thereof do not form part of this Prospectus.

Note that designation as a UK STS securitisation does not meet, as at the date of this Prospectus, the STS requirements of the EU Securitisation Regulation. For further information please refer to the Risk Factor entitled "Simple, Transparent and Standardised Securitisations and UK STS Designation" below.

No representation or warranty is made by the Arranger, the Joint Lead Managers, the Issuer or any other person as to compliance with the UK STS Requirements.

**Social Bond**

The transaction has been structured in contemplation of complying with the International Capital Markets Association's (**ICMA**) Voluntary Process Guidelines for issuing social bonds published in June 2020 (the **Social Bond Guidelines**). The Social Bond Guidelines include certain social bond principles (**Social Bond Principles**). Social Bond Principles include social projects that provide or promote access to essential services and/or socioeconomic advancement and empowerment. YBS has developed and defined a formal approach for its social bond framework available at [https://www.ybs.co.uk/treasurydata/Social\\_Bond\\_Framework\\_2021.pdf](https://www.ybs.co.uk/treasurydata/Social_Bond_Framework_2021.pdf) (the **Social Bond Framework**), which looks to incorporate such Social Bond Principles. The origination of mortgage loans to the specific target populations by YBS comprises an eligible social project (**Eligible Social Project**) for the purposes of the Social Bond Principles as this directly contributes to improving access to banking services and socioeconomic advancement and empowerment through equitable access and control over assets, in each case, by making home loan finance and purposeful lending available and by facilitating the provision of lower rate mortgage loans and higher rate savings products to the customers and/or members of YBS. The issue of the Notes by the Issuer and associated purchase of the Loans in the Portfolio comprises part of the funding arrangements by YBS for the Eligible Social Project in accordance with its Social Bond Framework. The purchase price of the Loans will be used to repay short term funding arrangements which forms part of YBS's funding cycle relating to the origination of owner-occupied mortgages aimed at the target populations (as described in the Social Bond Framework).

Please refer to the section entitled "*Risk Factors - Although the Notes are being issued under the Social Bond Guidelines, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor*" and "*Regulatory Requirements – Social Bond*".

**Volcker Rule**

The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof, it will not be, a "covered fund" as defined in the regulations adopted under section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the **Volcker Rule**). In reaching this conclusion, although other statutory or regulatory 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 Issuer has relied on the exemption from the definition of "investment company" under Section 3(c)(5)(C) of the Investment Company Act. See "Regulatory Requirements – Volcker Rule Considerations" for more information.

**Significant Investor**

YBS will on the Closing Date purchase and retain no less than 5% of the Class A1 Notes in an aggregate principal amount of \$15,000,000, not less than 5% of the Class A2 Notes in an aggregate principal amount of £14,000,000, all of the Class A3 Notes and all of the Class Z VFN.

**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 "RISK FACTORS" SECTION.**

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act) or the securities laws of any state or other jurisdiction of the United States 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)), other than to persons that are qualified institutional buyers (QIBs) within the meaning of and pursuant to Rule 144A (Rule 144A) under the Securities Act, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of certain restrictions on resales and transfers, see "Transfer Restrictions and Investor Representations". Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Arranger

**Lloyds Bank Corporate Markets**

Joint Lead Managers

**Barclays**

**Citigroup Global Markets  
Limited**

**Lloyds Bank Corporate  
Markets**

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**Lloyds Securities Inc.**

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The date of this Prospectus is 30 March 2021



## 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 INTEREST RATE SWAP PROVIDER, THE CURRENCY SWAP PROVIDER, THE ARRANGER, THE JOINT LEAD MANAGERS, THE SERVICER, THE CASH MANAGER, THE ACCOUNT BANK, THE GIC PROVIDER, THE COLLATERAL ACCOUNT BANK, THE PRINCIPAL PAYING AGENT, THE AGENT BANK, THE DTC CUSTODIAN, THE U.S. PAYING AGENT, THE CLASS Z VFN REGISTRAR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE CORPORATE SERVICES PROVIDER, THE BACK-UP SERVICER FACILITATOR (EACH AS DEFINED HEREIN), ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY SUCH ENTITIES OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS. 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 SELLER, THE INTEREST RATE SWAP PROVIDER, THE CURRENCY SWAP PROVIDER, THE ARRANGER, THE JOINT LEAD MANAGERS, THE SERVICER, THE CASH MANAGER, THE ACCOUNT BANK, THE COLLATERAL ACCOUNT BANK, THE PRINCIPAL PAYING AGENT, THE AGENT BANK, THE DTC CUSTODIAN, THE U.S. PAYING AGENT, THE CLASS Z VFN REGISTRAR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE CORPORATE SERVICES PROVIDER, THE BACK-UP SERVICER FACILITATOR OR ANY PERSON OTHER THAN THE ISSUER.

The Class A Notes are being offered and sold in the United States to "qualified institutional buyers" (**QIBs**) as defined in Rule 144A (**Rule 144A**) under the U.S. Securities Act of 1933, as amended (the **Securities Act**), in reliance on Rule 144A (the **Rule 144A Notes**) and outside the United States in offshore transactions to non-U.S. persons in reliance on Regulation S (**Regulation S**) under the Securities Act (the **Regulation S Notes**). Except as set forth below, the Class A1 Notes will only be issued in registered global form in the denomination of \$200,000 and integral multiples of \$1,000 in excess thereof and the Class A2 Notes and the Class A3 Notes will, in each case, only be issued in registered, global form in the denomination of £100,000 and integral multiples of £1,000 in excess thereof. The Rule 144A Notes and Regulation S Notes of each Class will be represented by one or more global notes in registered form (each, a **Rule 144A Global Note** or a **Regulation S Global Note**, as applicable) without interest coupons attached. The Rule 144A Global Notes and the Regulation S Global Notes are herein referred to as the **Global Notes** and each a **Global Note**. The Rule 144A Global Notes representing the Class A1 Notes (the **U.S. Global Notes**) will be deposited on behalf of the beneficial owners with U.S. Bank National Association, as the custodian (the **DTC Custodian**) for, and registered in the name of Cede & Co. as nominee of, The Depository Trust Company (**DTC**) on or before the Closing Date. The Regulation S Global Notes representing the Class A1 Notes and the Global Notes representing the Class A2 Notes and the Class A3 Notes (together, the **Non-U.S. Global Notes**) will be recorded in the records of Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**) and will be deposited with a common safekeeper (the **Common Safekeeper**) for Euroclear and Clearstream, Luxembourg on or before the Closing Date. The Common Safekeeper will hold the Global Notes in custody for Euroclear and Clearstream, Luxembourg. Except in the limited circumstances described under "Description of the Notes in Global Form and the Variable Funding Notes – Issuance of Definitive Notes", the Notes will not be available in definitive form (the **Definitive Notes**).

Each of DTC, Euroclear and Clearstream, Luxembourg (as applicable) will record book-entry interests in the beneficial owner's account or the participant account through which the beneficial owner holds its interests in the relevant Global Notes (**Book-Entry Interests**). Book-Entry Interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC, Euroclear or Clearstream, Luxembourg (as applicable), and their respective participants.

The Class Z VFN will be in dematerialised registered form. The Issuer will also maintain a register, to be kept on the Issuer's behalf by the Class Z VFN Registrar, in which the Class Z VFN will be registered in the name of the Class Z VFN Holder. Transfers of all or any portion of the interest in the Class Z VFN may be made only through the register maintained by the Issuer.

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, the Seller, the Note Trustee, the Joint Lead Manager, the Arranger or any other Transaction 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, no action has been or will be taken by the Issuer, the Seller, the Note Trustee, the Security Trustee, the Arranger or the Joint Lead Managers which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer, the Arranger and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES 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) (**U.S. PERSONS**) EXCEPT PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE NOTES ARE ONLY BEING OFFERED AND SOLD (I) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS PURSUANT TO, AND IN COMPLIANCE, WITH REGULATION S AND ANY APPLICABLE SECURITIES REGULATIONS IN EACH JURISDICTION IN WHICH THE NOTES ARE BEING OFFERED AND SOLD, OR (II) IN THE UNITED STATES TO PERSONS WHO ARE QIBS IN RELIANCE ON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A OR PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFERS, SEE "TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS".

Each of YBS, Accord and the Joint Lead Managers 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 set forth therein 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, the Arranger or the Joint Lead Managers makes any representation to any prospective investor or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations.

None of the Arranger or the Joint Lead Managers are responsible for any obligation of YBS, Accord or the Issuer for compliance with the requirements (including existing or ongoing reporting requirements) of the UK Securitisation Regulation, the EU Securitisation Regulation or any corresponding national measures which may be relevant.

None of the Arranger or Joint Lead Managers makes any representation as to the suitability of the Notes to fulfil social and sustainability criteria required by prospective investors. The Arranger or Joint Lead Managers

have not undertaken, nor are responsible for, any assessment of the Social Bond Framework and any verification of whether the notes or the Social Bond Framework achieve any of ICMA's Social Bond Principles. None of the Arranger, Joint Lead Managers will verify or monitor the proposed use of proceeds of the Notes issued. Investors should refer to YBS's Social Bond Framework, YBS's website and Second Party Opinion for information. The Second Party Opinion provider has been appointed by YBS. For the avoidance of doubt, none of the Social Bond Framework, YBS's website or the Second Party Opinion form part of this Prospectus.

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 this Prospectus makes no omission 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.

Accord accepts responsibility for the information set out in the sections headed "Accord Mortgages Limited", "The Loans", "Characteristics of the Cut-Off Date Portfolio" and "Characteristics of the United Kingdom Residential Mortgage Market". To the best of the knowledge of Accord, the information contained in the sections referred to in this paragraph is in accordance with the facts and this Prospectus makes no omission 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 Accord 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.

YBS accepts responsibility for the information set out in the sections headed "Yorkshire Building Society", "Transaction Overview – Portfolio and Servicing" and "Regulatory Requirements". To the best of the knowledge of YBS, the information contained in the sections referred to in this paragraph is in accordance with the facts and this Prospectus makes no omission 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 YBS 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.

**This Prospectus is valid for 12 months from its date in relation to the Notes which are to be admitted to trading on the Regulated Market of Euronext Dublin. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply, once the Notes are admitted to trading on the Regulated Market of Euronext Dublin.**

**PRIIPs Regulation/Prohibition of sales to EEA retail investors** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **EU MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (the **EU Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) a person who is not a qualified investor as defined in the EU Prospectus Regulation. Consequently no key information document required by Regulation (**EU**) No. 1286/2014 (the **EU PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

**UK PRIIPs Regulation/Prohibition of sales to UK retail investors** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) (the **EUWA**); or (ii) a consumer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that consumer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

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

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Joint Lead Managers or any of their affiliates, advisers, directors or group companies as to the accuracy or completeness of any information contained in this Prospectus or any other information supplied in connection with the Notes or their distribution.

The information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the Central Bank.

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 Seller, the Note Trustee, the Security Trustee, the Arranger, the Joint Lead Managers or any of their respective affiliates, advisers, directors or group companies. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering of the Notes shall, under any circumstances, create any implication or

constitute a representation that there has been no change in the affairs of the Issuer or the Seller or in the other information contained herein since the date hereof. The information contained in this Prospectus was obtained from the Issuer and the other sources identified herein, but no assurance can be given by the Note Trustee, the Security Trustee, the Arranger or the Joint Lead Managers as to the accuracy or completeness of such information. None of the Arranger, the Joint Lead Managers, the Note Trustee or the Security Trustee has separately verified the information contained herein. Accordingly, none of the Note Trustee, the Security Trustee, the Arranger or the Joint Lead Managers 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, investment, 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 any Notes.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Seller, the Joint Lead Managers or the Arranger 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 Paying Agents or any other person being obliged to pay additional amounts to compensate Noteholders for the lesser amounts the Noteholders will receive as a result of any such withholding.

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 **USD, US\$, \$, U.S. Dollars** or **dollars** are to the lawful currency of the United States of America.

In this Prospectus all references to the **Financial Conduct Authority** or **FCA** are to the United Kingdom Financial Conduct Authority which (together with the Prudential Regulation Authority (or **PRA**)) was known as the **Financial Services Authority** or **FSA** before 1 April 2013.

In this Prospectus, all references to **Class** in relation to the Notes means the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class Z VFN, as the context may require.

### **Forward-Looking Statements and Statistical Information**

This Prospectus includes statements that are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. 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 Arranger nor the Joint Lead Managers has attempted to verify any such forward-looking statements or Statistical Information, nor do they make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of the forward-looking statements or the Statistical Information. None of the Issuer, the Arranger, nor any of the Joint Lead Managers assumes any obligation to update the forward-looking statements or the Statistical Information or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements or the Statistical Information, as applicable.

#### **The Notes may not be a suitable investment for all investors**

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes, which are complex financial instruments, unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

In compliance with Rule 144A with respect to the sale of the Rule 144A Notes, for so long as the Rule 144A Notes remain outstanding and are "restricted securities" within the meaning of Rule 144A(a)(3) under the Securities Act, the Issuer will be required to furnish, upon request of a holder of such Rule 144A Note, or any beneficial owner therein or any prospective purchaser thereof, to such holder or beneficial owner and any prospective purchaser designated by such holder or beneficial owner, the information required to be

delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is neither a reporting company under Section 13 or Section 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

**Use of licensed broker or dealer**

If a jurisdiction requires that the offering of the Notes be made by a licensed broker or dealer and the Joint Lead Managers or any parent company or affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction and so agrees, the offering of the Notes shall be deemed to be made by the Joint Lead Managers or such parent company or affiliate on behalf of the Issuer in such jurisdiction.

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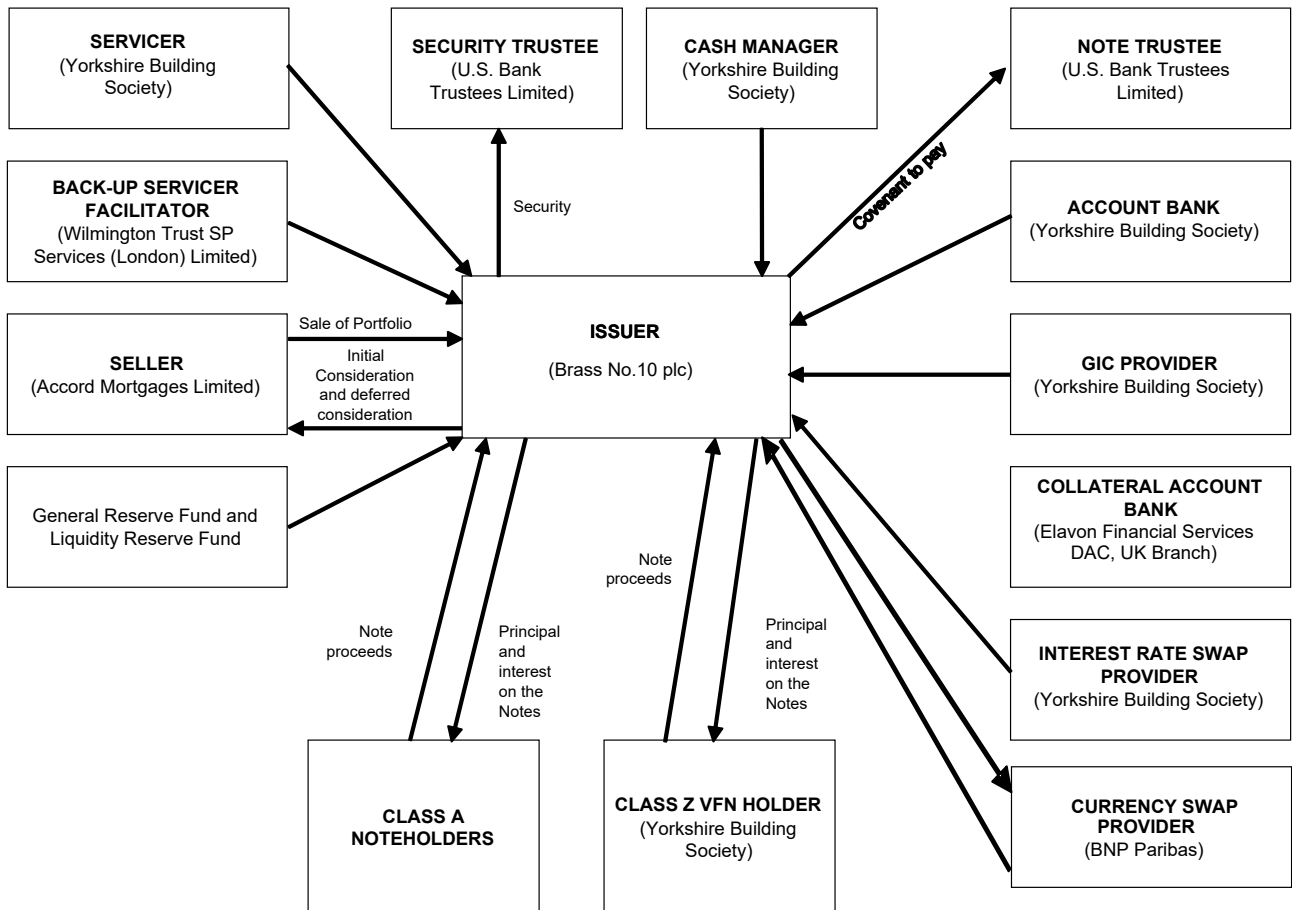
**TRANSACTION OVERVIEW – STRUCTURE DIAGRAMS AND TRANSACTION PARTIES ON THE CLOSING DATE**

**DIAGRAMMATIC OVERVIEW OF THE TRANSACTION**

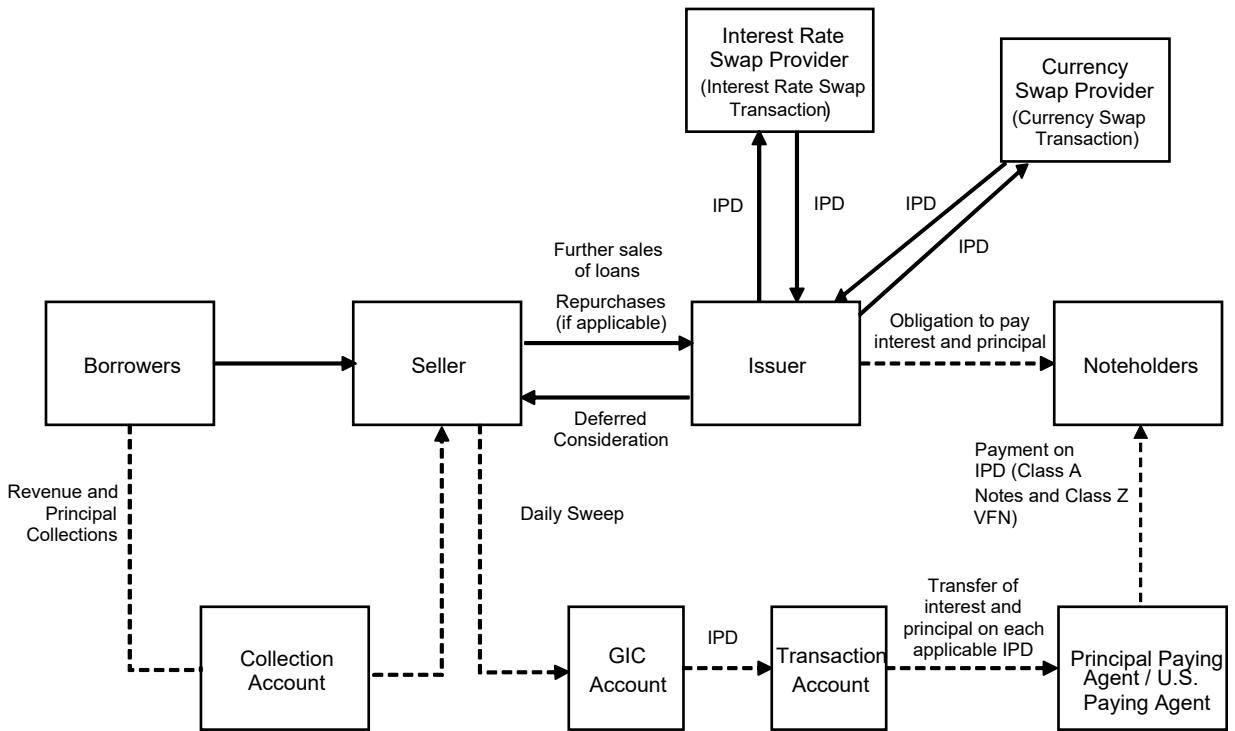
*The information set out below is an overview of various aspects of the transaction. This overview is not purported to be complete and should be read in conjunction with, and is qualified in its entirety by, references to the detailed information presented elsewhere in this Prospectus.*

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

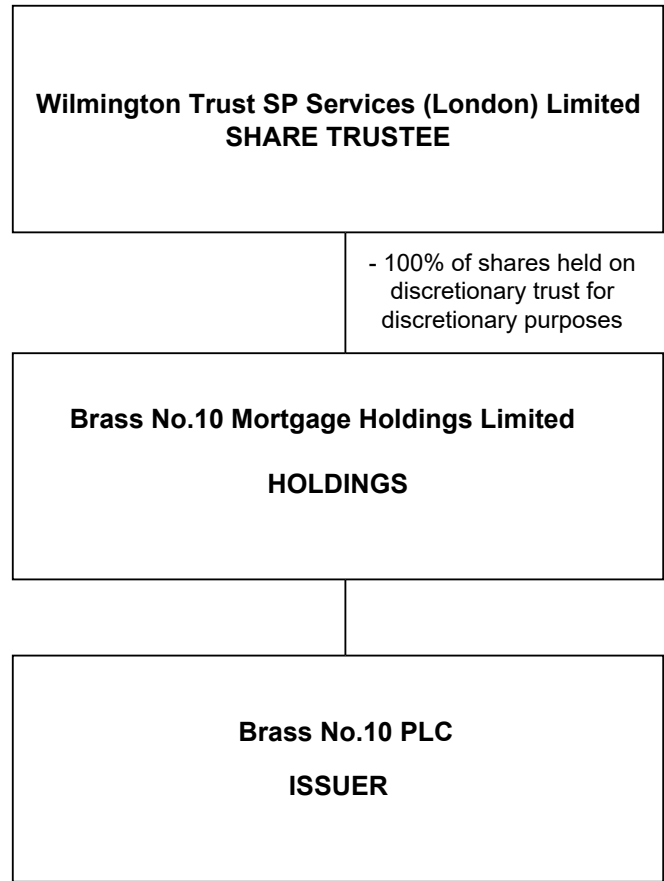
Capitalised terms used, but not defined, in certain sections of this Prospectus, including this overview, may be found in other sections of this Prospectus, unless otherwise stated. An index of defined terms is set out at the end of this Prospectus.



## DIAGRAMMATIC OVERVIEW OF ONGOING CASHFLOWS



**OWNERSHIP STRUCTURE DIAGRAM OF THE ISSUER**



The above diagram 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 discretionary trust, the benefit of which is expressed to be for discretionary purposes.
- None of the Issuer, Holdings or the Share Trustee is owned, controlled, managed, directed or instructed, whether directly or indirectly, by the Seller or any member of the group of companies containing the Seller (including YBS).

## TRANSACTION PARTIES ON THE CLOSING DATE

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>Issuer</b>	Brass No.10 PLC	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF	See the section entitled "The Issuer" for further information.
<b>Holdings</b>	Brass No.10 Mortgage Holdings Limited	c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF	See the section entitled "Holdings" for further information.
<b>Seller</b>	Accord Mortgages Limited	Yorkshire House, Yorkshire Drive, Bradford, West Yorkshire BD5 8LJ	See the section entitled "Accord Mortgages Limited" for further information.
<b>Servicer</b>	Yorkshire Building Society	Yorkshire House, Yorkshire Drive, Bradford, West Yorkshire BD5 8LJ	Servicing Agreement by the Issuer and the Security Trustee. See the section entitled "Summary of the Key Transaction Documents – Servicing Agreement" and "Yorkshire Building Society" for further information.
<b>Back-Up Servicer Facilitator</b>	Wilmington Trust SP Services (London) Limited	Third Floor, 1 King's Arms Yard, London EC2R 7AF	Servicing Agreement by the Issuer and the Security Trustee. See the sections entitled "Summary of the Key Transaction Documents – Servicing Agreement" and "Corporate Services Provider" for further information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>Cash Manager</b>	Yorkshire Building Society	Yorkshire House, Yorkshire Drive, Bradford, West Yorkshire BD5 8LJ	Cash Management Agreement by the Issuer. See the sections entitled "Summary of the Key Transaction Documents – Cash Management Agreement" and "Yorkshire Building Society" for further information.
<b>Class Z VFN Holder</b>	Yorkshire Building Society	Yorkshire House, Yorkshire Drive, Bradford, West Yorkshire BD5 8LJ	See the section entitled "Yorkshire Building Society" for further information.
<b>Interest Rate Swap Provider</b>	Yorkshire Building Society	Yorkshire House, Yorkshire Drive, Bradford, West Yorkshire BD5 8LJ	Interest Rate Swap Agreement by the Issuer. See the section entitled "Credit Structure – Interest Rate Risk for the Notes – Interest Rate Swap Agreement" for further information.
<b>Currency Swap Provider</b>	BNP Paribas	16 boulevard des Italiens, 75009 Paris, France	Currency Swap Agreement by the Issuer. See the section entitled "Credit Structure – Currency and Interest Rate Risk for the Class A1 Notes – Currency Swap Agreement" for further information.
<b>Account Bank</b>	Yorkshire Building Society	Yorkshire House, Yorkshire Drive, Bradford, West Yorkshire BD5 8LJ	Bank Account Agreement by the Issuer. See the section entitled "Summary of the Key Transaction Documents – Bank Account Agreement" for further information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>GIC Provider</b>	Yorkshire Building Society	Yorkshire House, Yorkshire Drive, Bradford, West Yorkshire BD5 8LJ	Bank Account Agreement and the Guaranteed Investment Contract by the Issuer. See the section entitled "Summary of the Key Transaction Documents – Bank Account Agreement" for further information.
<b>Collateral Account Bank</b>	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Collateral Account Bank Agreement by the Issuer. See the section entitled "Summary of the Key Transaction Documents – Collateral Account Bank Agreement" for further information.
<b>Security Trustee</b>	U.S. Bank Trustees Limited	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Deed of Charge. See the sections entitled "Transaction Overview – Overview of the Terms and Conditions of the Notes – Security", "Summary of the Key Transaction Documents – Deed of Charge", "The Note Trustee and Security Trustee" and the Conditions for further information.
<b>Note Trustee</b>	U.S. Bank Trustees Limited	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Trust Deed. See the sections entitled "Summary of the Key Transaction Documents – Trust Deed", "The Note Trustee and Security Trustee" and the Conditions for further information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>Principal Paying Agent, Registrar and Agent Bank</b>	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Agency Agreement by the Issuer. See the Conditions and the section entitled "Summary of the Key Transaction Documents – Agency Agreement" for further information.
<b>U.S. Paying Agent</b>	U.S. Bank National Association	100 Wall Street, Suite 600, New York, New York 10005, United States	Agency Agreement by the Issuer. See the Conditions and the section entitled "Summary of the Key Transaction Documents – Agency Agreement" for further information.
<b>DTC Custodian</b>	U.S. Bank National Association	100 Wall Street, Suite 600, New York, New York 10005, United States	Agency Agreement by the Issuer. See the Conditions and the section entitled "Summary of the Key Transaction Documents – Agency Agreement" for further information.
<b>Common Safekeeper</b>	Clearstream Banking, S.A.	Clearstream Banking CSK-Desk Neue Börsenstrasse 8 60487 Frankfurt am Main Germany	Agency Agreement by the Issuer. See the Conditions and the section entitled "Summary of the Key Transaction Documents – Agency Agreement" for further information.
<b>Common Service Provider</b>	Elavon Financial Services DAC	Block E, Cherrywood Business Park, Loughlinstown, Dublin, Ireland	Agency Agreement by the Issuer. See the Conditions and the section entitled "Summary of the Key Transaction Documents – Agency Agreement" for further information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>Class Z VFN Registrar</b>	Yorkshire Building Society	Yorkshire House, Yorkshire Drive, Bradford, West Yorkshire BD5 8LJ	See the section entitled "Yorkshire Building Society" and the Conditions for further information.
<b>Corporate Services Provider</b>	Wilmington Trust SP Services (London) Limited	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Corporate Services Agreement by the Issuer. See the section entitled "Summary of the Key Transaction Documents – The Corporate Services Agreement" and "Corporate Services Provider" for further information.
<b>Arranger and Joint Lead Manager</b>	Lloyds Bank Corporate Markets plc	10 Gresham Street, London EC2V 7AE	See the section entitled "Subscription and Sale" for more information.
<b>Joint Lead Manager</b>	Citigroup Global Markets Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	See the section entitled "Subscription and Sale" for more information.
<b>Joint Lead Manager</b>	Barclays Bank PLC	5 North Colonnade, Canary Wharf, London E14 4BB	See the section entitled "Subscription and Sale" for more information.
<b>Joint Lead Manager</b>	Lloyds Securities Inc.	1095 Avenue of the Americas, New York, New York, 10036, United States of America	See the section entitled "Subscription and Sale" for more information.



## 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. Most of these factors are contingencies which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Prospective Noteholders should carefully read and consider all the information contained in this Prospectus, including the risk factors set out in this section, prior to making any investment decision.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### 1. RISKS RELATED TO THE AVAILABILITY OF FUNDS TO PAY THE NOTES

#### ***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 Seller, the Interest Rate Swap Provider, the Currency Swap Provider, the Arranger, the Joint Lead Managers, the Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Account Bank, the GIC Provider, the Collateral Account Bank, the Corporate Services Provider, the Principal Paying Agent, any other Paying Agent, the Agent Bank, the Registrar, the DTC Custodian, the U.S. Paying Agent, the Class Z VFN Registrar, the Note Trustee, the Security Trustee, any company in the same group of companies as such entities, any other party to the Transaction Documents or any person other than the Issuer.

#### ***Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption***

The yield to maturity of each Class of Notes will depend on, *inter alia*, the amount and timing of payment of principal and interest on the Loans and the price paid by the Noteholders. The amount of funds available to the Issuer to repay principal amounts on the Notes will be dependent on: (i) whether there is a Revenue Deficiency in the Available Revenue Receipts; (ii) whether the Liquidity Reserve Fund has been established; and (iii) whether any Contractual Difference Amounts have occurred in relation to any of the Loans (see further "Considerations Relating to the Annual Interest Rate Review Process" below).

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. Prepayments on the Loans may result from refinancing, 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 the insurance policies. 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, homeowner mobility, natural disasters, illness (including any illness arising in connection with an epidemic or pandemic) or widespread health crises or the fear of such crises (such as coronavirus, including Novel Coronavirus-19 (**Covid-19**), measles, SARS, Ebola or other epidemic diseases). Generally, when market interest rates increase, borrowers are less likely to prepay their mortgage loans, while conversely, when market interest rates decrease, borrowers are generally more likely to prepay their mortgage loans, save where such decrease in interest rates arises as a result of action taken by government to ease the effects of any widespread economic, social or health emergency. For instance, borrowers may prepay mortgage loans when they refinance their loans or sell their properties (either voluntarily or as a result of

enforcement action taken). In addition, if the Seller is required, per the terms of the Mortgage Sale Agreement, to repurchase a Loan or Loans under a Mortgage Account and their Related Security from the Issuer because, for example, one of the Loans does not comply with the Loan Warranties, then the payment received by the Issuer will have the same effect as a prepayment of all the Loans under that Mortgage Account although this is mitigated by the fact that, during the Further Sale Period, the Issuer may use Available Principal Receipts to purchase Additional Loans. Because these and other relevant factors are not within the control of the Issuer, no assurance can be given as to the level of prepayments that the Portfolio will experience.

Payments and prepayments of principal on the Loans will be applied: (i) on each Interest Payment Date during the Further Sale Period, (A) to reduce the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes, on a scheduled amortisation basis by the Class A1 Target Amortisation Amount; (B) to reduce the Principal Amount Outstanding of the Class A2 Notes, on a scheduled amortisation basis by the Class A2 Target Amortisation Amount; (C) to reduce the Principal Amount Outstanding of the Class A3 Notes, on a scheduled amortisation basis by the Class A3 Target Amortisation Amount; and thereafter (D) to be applied firstly to the purchase price of any Additional Loans sold to the Issuer on a Further Sale Date falling in the same calendar month and secondly to credit the Retained Principal Ledger; and (ii) on each Interest Payment Date after the Further Sale Period, on a pass-through basis to reduce the Principal Amount Outstanding of the Notes in each case in accordance with the Pre-Acceleration Principal Priority of Payments (see "Cashflows") (and in each case to the extent not used to credit the Liquidity Reserve Fund, if established) or used to fund a Revenue Deficiency.

Investors should also note that the Seller may at its option repurchase any Covid-19 Payment Deferral Loan on the Monthly Pool Date immediately following the Monthly Period in which the relevant Covid-19 Payment Deferral is granted. Any Covid-19 Payment Deferral Loan that is repurchased by the Seller will be repurchased at its Current Balance determined as at the end of the calendar day prior to the Monthly Pool Date in which it is repurchased and the proceeds of any such repurchase will be applied by the Issuer as Available Principal Receipts. The number of Covid-19 Payment Deferral Loans repurchased by the Seller may therefore adversely affect the yield to maturity on the Class A Notes.

At any time on or after the Interest Payment Date (i) falling in April 2026 or (ii) on which the aggregate Sterling Equivalent Principal Amount Outstanding of the Class A Notes is equal to or less than 10% of the aggregate Current Balance of the Loans in the Portfolio on the Initial Portfolio Creation Date, the Issuer may, subject to certain conditions, redeem all of the Class A Notes. In addition, the Issuer may, subject to the Conditions, redeem all of the Class A Notes if a change in tax law results in the Issuer (in the case of the Class A Notes, the Interest Rate Swap Transaction or the Currency Swap Transaction) or the Interest Rate Swap Provider (in the case of the Interest Rate Swap Transaction) or the Currency Swap Provider (in the case of the Currency Swap Transaction) being required to make a deduction or withholding for or on account of tax. This may adversely affect the yield to maturity on the Class A Notes.

Finally, on each Interest Payment Date, the Class Z VFN holder may (at its sole discretion) elect to make an advance under the Class Z VFN to fund: (i) any shortfall in the Class A1 Target Amortisation Amount then due and payable to reduce the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes, (ii) any shortfall in the Class A2 Target Amortisation Amount then due and payable to reduce the Principal Amount Outstanding of the Class A2 Notes or (iii) any shortfall in the Class A3 Target Amortisation Amount then due and payable to reduce the Principal Amount Outstanding of the Class A3 Notes. Whether or not the Class Z VFN holder elects to exercise this right may impact the scheduled amortisation profile of the Class A Notes.

The Class Z VFN Holder may (at its sole discretion) elect to make an advance under the Class Z VFN to fund a Class A3 Target Amortisation Amount Shortfall solely to the extent that on the relevant Interest Payment Date: (a) prior to the Class A1 Sterling Equivalent Redemption Date, there is no Class A1 Target Amortisation Amount Shortfall or Class A2 Target Amortisation Amount Shortfall; and (b) following the Class

A1 Sterling Equivalent Redemption Date, there is no Class A2 Target Amortisation Amount Shortfall and the Class A1 Principal Amount Outstanding is zero. Following the Class A1 Sterling Equivalent Redemption Date, the Class Z VFN holder may not elect to make an advance under the Class Z VFN to fund any Class A1 Principal Amount Outstanding unless there is no Class A2 Target Amortisation Amount Shortfall on the relevant Interest Payment Date.

Following the occurrence of an Event of Default, service of a Note Acceleration Notice and enforcement of the Security, there is no assurance that the Issuer will have sufficient funds to redeem the Notes in full.

***Limited Source of Funds and Limited recourse***

The Notes will be limited recourse obligations of the Issuer. The ability of the Issuer to meet its obligations under the Notes will be dependent upon the receipt by it in full of (a) principal and interest from the Borrowers under the Loans and their Related Security in the Portfolio, (b) payments (if any) due from the relevant Swap Provider (other than amounts received by way of Collateral which are to be refunded to the relevant Swap Provider), (c) interest income on the Bank Accounts and any Authorised Investments, (d) funds available in the Liquidity Reserve Fund (if established), (e) funds available in the General Reserve Fund, (f) during the Further Sale Period, funds available in the Retained Principal Ledger to be applied as Available Principal Receipts towards the funding of any Class A Target Amortisation Amount Shortfall and (g) any funds advanced under the Class Z VFN to fund any Class A1 Target Amortisation Amount Shortfall, any Class A2 Target Amortisation Amount Shortfall, any Class A3 Target Amortisation Amount Shortfall or interest amounts due and payable on the Class A Notes (subject to limited circumstances). Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes under the applicable 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. 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 in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal and interest in respect of the Notes). As such, amounts available to the Issuer in such circumstances may be insufficient to pay Noteholders in full and any unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

Each Secured Creditor agrees that if any amount is received by it (including by way of set-off) in respect of any secured obligation owed to it other than in accordance with the provisions of the Deed of Charge, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of the Deed of Charge shall be received and held by it as trustee for the Security Trustee and shall be paid over to the Security Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of the Deed of Charge.

## ***Considerations Relating to the Annual Interest Rate Review Process***

In respect of SVR Loans in the Portfolio, the terms and conditions of such Loans provide that a Borrower's monthly payments will remain fixed (the **Fixed Monthly Amount**) for a period of 12 months (each a **Fixed Payment Period**) irrespective of any interest rate changes during such period. The amount of a Borrower's Fixed Monthly Amount will only vary on an annual basis in accordance with the terms of an annual interest rate review which takes place once a year (the **Annual Review**) (although a Borrower may opt out of the Annual Review).

During any Fixed Payment Period, although a Borrower's monthly payments remain fixed, the Loan will continue to accrue interest at the **Accrual Rate** (being the actual rate of interest chargeable on a Loan as determined on a daily basis). The difference between the amounts calculated using the Accrual Rate (the **Monthly Accrual Amount**) and the Fixed Monthly Amount will be taken into account during the Annual Review in recalculating the Fixed Monthly Amounts due by a Borrower during the subsequent Fixed Payment Periods.

The effect of the Annual Review on the Fixed Monthly Amounts payable by Borrowers will mean that if the Accrual Rate falls on the Loans, a larger proportion of the Fixed Monthly Amount will be used to repay principal on the Loans. In such circumstances, the amount of Principal Receipts received by the Issuer will increase which will result in increased principal payments in respect of the Notes. If the Accrual Rate falls more than anticipated as at the Closing Date, Noteholders could therefore receive redemptions earlier than would otherwise be anticipated.

Conversely, if the Accrual Rate rises on the Loans, a larger proportion of the Fixed Monthly Amount (where the Borrower repays interest and principal) will be applied towards payment of interest amounts due on the Loans. Where the rate of interest has risen such that the Monthly Accrual Amount is greater than the Fixed Monthly Amount (the **Contractual Difference**), the Contractual Difference will be capitalised and added to the outstanding balance of the Loan. A Borrower will not be in default under their Loan if a Contractual Difference occurs during a Fixed Payment Period. If a Contractual Difference occurs in respect of a Loan, principal payments received by the Issuer will be reduced. Noteholders could therefore receive redemptions on the Notes later than would otherwise be expected and the weighted average life of the Notes may be extended.

In relation to SVR Loans in the Portfolio, amounts equal to the aggregate of any Contractual Difference Amounts will be reallocated from Available Principal Receipts and applied as Available Revenue Receipts. Should any Contractual Difference Amounts be significant in size, Noteholders could receive redemptions on the Notes later than would otherwise be expected and the weighted average life of the Notes may be extended.

## **2. RISKS RELATING TO THE UNDERLYING ASSETS**

### ***Decline in house prices may adversely affect the performance and market value of your Notes***

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. If the residential property market in the United Kingdom should experience an overall decline in property values, such a decline could in certain circumstances result in the value of the Related Security being significantly reduced and, in the event that the Related Security is required to be enforced, may result in an adverse effect on payments on the Notes.

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. Downturns in the United Kingdom economy generally 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 the

outstanding loan. 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 to refinance their Loans with lenders other than the Seller and may 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 losses which in turn may adversely affect payments on the Notes.

### ***Characteristics of the Cut-Off Date Portfolio***

The information in the section headed "Characteristics of the Cut-Off Date Portfolio" has been extracted from the systems of the Seller as at the Cut-Off Date. The Initial Portfolio will be selected from the Cut-Off Date Portfolio, with Loans that fail to satisfy the Loan Warranties being excluded from the Initial Portfolio. The Cut-Off Date Portfolio comprises 9,396 Loans with a Current Balance of £1,834,210,022. The characteristics of the Initial Portfolio as at the Closing Date will vary from those set out in the tables in this Prospectus as a result of, *inter alia*, repayments and redemptions of Loans prior to the Closing Date and the removal of any Loans that fail to satisfy the Loan Warranties. Neither the Seller nor the Servicer has provided any assurance that there will be no material change in the characteristics of the Cut-Off Date Portfolio and the Initial Portfolio, or the characteristics of the Cut-Off Date Portfolio between the Cut-Off Date and the Closing Date.

### ***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 (due to local, national and/or global macroeconomic factors) and weaker 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 these risk factors. The economy of each geographic region within the United Kingdom is dependent on a different mixture of industries and other factors. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or the region that relies most heavily on that industry. In addition, any natural disasters or widespread health crises or the fear of such crises (such as coronavirus (including Covid-19), measles, SARS, Ebola, H1N1, Zika, avian influenza, swine flu, or other epidemic diseases) in a particular region may weaken economic conditions and reduce the value of affected Properties, the ability to sell Properties in a timely manner and/or negatively impact the ability of affected Borrowers to make timely payments on the Loans. This may result in a loss being incurred upon sale of the Property and/or otherwise affect receipts on the Loans. If the timing and payment of the Loans is adversely affected by any of the risks described in this paragraph, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes. For an overview of the geographical distribution of the Loans as at the Cut-Off Date, see "Characteristics of the Cut-Off Date Portfolio – Geographical Distribution".

Given the unpredictable effect such factors may have on the local, national or global economy, no assurance can be given as to the impact of any of the matters described in this paragraph and, in particular, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes.

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

Borrowers may default on their obligations under the Loans in the Portfolio. Defaults may occur for a variety of reasons. The Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest

and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies, natural disasters and widespread health crises or the fear of such crises (such as coronavirus (including Covid-19), measles, SARS, Ebola, H1N1, Zika, avian influenza, swine flu, or other epidemic diseases). Although interest rates are currently at a historical low and have been recently reduced as a result of the government's reaction to ease the economic impact of the Covid-19 pandemic, 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 (including and in particular in relation to self-employed Borrowers experiencing more volatile earnings and Borrowers suffering the impact of being furloughed for a period of time or ultimately being made redundant by an employer as a result of the economic impact of Covid-19 and on-going uncertainty surrounding it), illness (including any illness arising in connection with an epidemic, pandemic or health crises such as Covid-19), divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the 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.

In order to enforce a power of sale in respect of a mortgaged property in England and Wales, the relevant mortgagee must first obtain possession of the relevant property. Possession is usually obtained by way of a court order or decree. This can be a lengthy and costly process and will involve the mortgagee assuming certain risks. In addition, once possession has been obtained, a reasonable period must be allowed for marketing the property, to discharge obligations and to take reasonable care to obtain a proper price.

If obtaining possession of properties and arranging a sale in such circumstances is lengthy or costly, the Issuer's ability to make payments on the Notes may be reduced. The Issuer's ability to make such payments may be reduced further if the powers of a mortgagee in relation to obtaining possession of properties permitted by law are restricted in the future. 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 1 April 2021. 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.

In Scotland, although a heritable creditor (the Scottish equivalent of a mortgagee) does not require to take possession in order to exercise a power of sale, additional requirements imposed by Part 1 of the Home Owner and Debtor Protection (Scotland) Act 2010 mean that the heritable creditor must obtain a court order to exercise its power of sale (in addition to initiating the statutory enforcement process pursuant to the Conveyancing and Feudal Reform (Scotland) Act 1970 by the service of a two-month "calling-up" notice) unless the borrower and 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. This may have an adverse effect in markets experiencing above average levels of repossession claims and may result in lower recoveries and may reduce the Issuer's ability to make payments on the Notes.

### ***Interest-Only Loans***

Approximately 5.77% of the portfolio (based on the aggregate Current Balance of the Loans as at the Cut-Off Date) are Interest-Only Loans. There are Interest-Only Loans in the Initial Portfolio and some of the Additional Loans could be Interest-Only Loans. Interest-Only Loans are originated with a requirement that

the Borrower pay scheduled interest payments only. There is no scheduled amortisation of principal. Consequently, upon the maturity of an Interest-Only Loan, the relevant Borrower will be required to make a "bullet" payment that will represent the entirety of the principal amount outstanding. The ability of such a Borrower to repay an Interest-Only Loan at maturity frequently may depend on such Borrower's ability to sell the Property, refinance the Property or obtain funds from another source such as savings accounts, a pension policy, personal equity plans or an endowment policy. None of the Issuer, the Note Trustee, the Security Trustee, the Seller, the Arranger or the Joint Lead Managers has verified that any such Borrower has such other source of funds and none of them has obtained security over such Borrower's right in respect of any such other source of funds. The ability of a Borrower to sell or refinance the Property will be affected by a number of factors, including the value of the Property, the Borrower's equity in the Property, the financial condition of the Borrower, tax laws and general economic conditions at the time. Because of the greater risk relating to refinancing of Interest-Only Loans, a significant downturn in the property markets or the economy could lead to a greater increase in defaults.

Borrowers may have insufficient equity to refinance their Loans with lenders other than the Seller and may 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 losses which in turn may adversely affect payments on the Notes.

### ***Further Advances, Product Switches and Underpayment Options***

The Seller or the Servicer (on behalf of the Seller) may offer a Borrower, or a Borrower may request, a Further Advance, Product Switch or Underpayment Option from time to time. Any Loan which has been the subject of a Further Advance, Underpayment Option or a Product Switch following an application by the Borrower will remain in the Portfolio. If the Issuer subsequently determines that any Further Advance, Product Switch or Tested Underpayment Option does not satisfy an Asset Condition as at such Advance Date, Option Date or Switch Date (where applicable), and such default is not remedied in accordance with the Mortgage Sale Agreement, the Seller (or, as applicable, YBS or one of its subsidiaries) will be required to repurchase the relevant Loan and its Related Security. See further "Summary of the Key Transaction Documents – Mortgage Sale Agreement – Repurchase by the Seller".

It should be noted that any Loan Warranty made by the Seller in relation to a Further Advance, Product Switch and/or a Tested Underpayment Option may be amended from time to time and such changes will be notified to the Rating Agencies. The consent of the Noteholders in relation to such amendments will not be obtained if the Security Trustee has given its prior consent to such amendment (and for such purpose, the Security Trustee may, but is not obliged to, have regard to any Ratings Confirmation in respect of those amendments). Where the Seller (or, as applicable, YBS or one of its subsidiaries) is required to repurchase because the warranties are not true, there can be no assurance that the Seller (or, as applicable, YBS or one of its subsidiaries) will have the financial resources to honour its repurchase obligations under the Mortgage Sale Agreement. Either of these circumstances may affect the quality of the Loans and their Related Security in the Portfolio and accordingly the ability of the Issuer to make payments on the Class A Notes.

The number of Further Advance, Product Switch and Underpayment Options requests received by the Seller and/or the Servicer will affect the timing of principal amounts received by the Issuer and hence payments of principal and (in the event of a shortfall) interest on the Notes.

Further, there may be circumstances in which a Borrower might seek to argue that any Loan, Further Advance, Product Switch or Underpayment Option is wholly or partly unenforceable by virtue of non-compliance with the FSMA or the Consumer Credit Act 1974 (as amended) (the **CCA**) as further discussed below.

If this were to occur, then this could adversely affect the Issuer's ability to make payments due on the Notes or to redeem the Notes.

### ***The Covid-19 pandemic may have negative effects on the Portfolio; Covid-19 Payment Deferrals***

A Borrower may request from the Seller or the Servicer (on behalf of the Seller) a 'payment deferral' as a result of the direct or indirect impact of the Covid-19 pandemic (as at the date of this Prospectus, limited up to a six month period and available from March 2020) (a **Covid-19 Payment Deferral**) from time to time to reflect the FCA Covid-19 Guidance, applicable law, regulation and other regulatory guidance. Investors should note in this regard, the FCA Payment Deferral 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 holiday or payment deferral measures outlined therein.

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 can 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 Seller or Servicer and which may be amended from time to time. Further, the FCA in the FCA Payment Deferral Guidance requires the Seller or Servicer to act in a manner consistent with the FCA Payment Deferral Guidance. In accordance with the FCA Payment Deferral 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 1.58% of the Cut-Off Date Portfolio (based on the aggregate Current Balance of the Loans as at the Cut-Off Date) are Loans that are Covid-19 Payment Deferral Loans as at the Initial Portfolio Creation Date; however, the total number of Borrowers who may seek to take up these opportunities, and therefore the impact of the FCA Payment Deferral 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.

The Seller (or, as applicable, YBS or one of its subsidiaries) may, at its option repurchase a Covid-19 Payment Deferral Loan and its Related Security. See further "Summary of the Key Transaction Documents – Mortgage Sale Agreement – Repurchase by the Seller". If the Seller (or, as applicable, YBS or one of its subsidiaries) elects to repurchase a Covid-19 Payment Deferral Loan, there can be no assurance that the Seller (or, as applicable, YBS or one of its subsidiaries) will have the financial resources to honour its repurchase obligations under the Mortgage Sale Agreement. The inclusion of such Loans in the Portfolio may adversely affect the ability of the Issuer to make payments on the Class A Notes.

If on a Calculation Date an Initial Revenue Shortfall subsists, the Issuer may request that the Class Z VFN Holder make drawings available to it under the Class Z VFN in order to fund any Covid-19 Revenue Shortfall Amount but investors should note that the Class Z VFN Holder is under no obligation to make such advance and if no such advance is made the ability of the Issuer to make payments of interest on the Class A Notes may be adversely affected.

### ***Searches, Investigations and Warranties in Relation to the Loans***

The Seller will give certain warranties to each of the Issuer and the Security Trustee regarding the Loans and their Related Security comprising the Initial Portfolio sold to the Issuer on the Closing Date (and in respect of any Additional Loans, on the Interest Payment Date immediately following the relevant Further Sale Date) and will give similar warranties to each of the Issuer and the Security Trustee regarding any Further Advances, Product Switches and Tested Underpayment Options, in each case, on the last day of the Monthly Period in which such Further Advance, Product Switch and Tested Underpayment Option occurs (see "Summary of the Key Transaction Documents – Mortgage Sale Agreement" for a summary of these).



Neither the Note Trustee, the Security Trustee, the Arranger, the Joint Lead Managers nor the Issuer 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. The primary remedy of the Issuer against the Seller if any of the warranties made by the Seller in respect of any Loans comprising the Initial Portfolio is materially breached or proves to be materially untrue as at the Closing Date, or as at the Interest Payment Date immediately following the relevant Further Sale Date in respect of any Additional Loans or on the last day of the Monthly Period in which the Further Advance, Product Switch or Tested Underpayment Option (as applicable) was made, which breach is not remedied within 90 days after receiving written notice of such breach, is that the Seller shall be required to repurchase the relevant Loan and its Related Security in accordance with the repurchase provisions in the Mortgage Sale Agreement. In addition, YBS will provide a guarantee to the Issuer in respect of the repurchase obligations of the Seller under the Mortgage Sale Agreement. Under such guarantee, upon the failure of the Seller to repurchase a Loan pursuant to the terms of the Mortgage Sale Agreement, YBS will procure that it or one of its subsidiaries repurchases such Loan. However, there can be no assurance that the Seller (or, as applicable, YBS or one of its subsidiaries) will have the financial resources to honour such obligations under the Mortgage Sale Agreement. This may affect the quality of the Loans and their Related Security in the Portfolio and accordingly the ability of the Issuer to make payments due on the Notes.

It should also be noted that any warranties made by the Seller, in relation to Further Advances, Product Switches and/or Tested Underpayment Options or, during the Further Sale Period, any Additional Loans sold to the Issuer, may be amended from time to time and differ from the warranties made by the Seller at the Closing Date without the consent of the Noteholders, provided that the Security Trustee has given its consent to such amendments (and for such purpose, the Security Trustee may, but is not obliged to, have regard to any Ratings Confirmation in respect of those amendments). Changes to the warranties may affect the quality of Loans in the Portfolio and accordingly the ability of the Issuer to make payments due on the Notes.

#### ***Seller to Initially Retain Legal Title to the Loans and risks relating to set-off***

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 by a Scottish declaration of trust by the Seller by which the beneficial interest in such Scottish Loans and their Related Security is held on trust by the Seller for the benefit of the Issuer (a **Scottish Declaration of Trust**). In each case, this means that legal title to the Loans and their Related Security in the Portfolio will remain with the Seller until certain trigger events occur under the terms of the Mortgage Sale Agreement (see "Summary of the Key Transaction Documents – Mortgage Sale Agreement" below). Until such time, the assignment by the Seller to the Issuer of the English Loans and their Related Security takes effect in equity only, whereas, in respect of the Scottish Loans and their Related Security held on trust pursuant to the Scottish Declaration of Trust by the Seller in favour of the Issuer, the Issuer will hold a beneficial interest only. The Issuer has not and will not apply to the Land Registry to register or record its equitable interest in the English Mortgages and may not in any event 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.

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 Seller 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 Seller of its contractual obligations or fraud, negligence or mistake on the part of the Seller or the Issuer or their respective personnel or agents.

Further, prior to the insolvency of the Seller, unless (i) notice of the assignment was given to a Borrower who is a creditor of the Seller in the context of the English Loans and their Related Security and (ii) an assignment of the Scottish Loans and their Related Security is effected by the Seller to the Issuer and notice thereof is then given to a Borrower who is a creditor of the Seller, equitable or independent set-off rights may accrue in favour of the Borrower against his or her obligation to make payments to the Seller 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 the Borrower may become entitled to after the transfer. Where notice of the assignment or assignment is given to the 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.

Until notice of the assignment or assignment is given to the Borrowers, the Issuer would not be able to enforce any Borrower's obligations under a Loan, or Related Security itself but would have to join the Seller 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 Seller. However, the Seller will undertake, pursuant to the Mortgage Sale Agreement, to hold any money repaid to it in respect of relevant Loans to the order of the Issuer.

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

Once notice has been given to the Borrowers of the assignment or assignment of the Loans and their Related Security to the Issuer, independent set-off rights which a Borrower has against the Seller (such as set-off rights not associated with or connected to the relevant Loan) 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. Set-off rights arising under a "transaction set-off" (which are set-off claims arising out of a transaction connected with the Loan) will not be affected by that notice and will continue to exist.

For so long as the Issuer does not have legal title, the Seller will undertake, for the benefit of the Issuer to lend its name to, and take such other steps as may reasonably be required by the Issuer in relation to, any legal proceedings in respect of the relevant Loans and their Related Security.

### ***Insurance Policies***

The policies of the Seller in relation to buildings insurance are described under "The Loans – Characteristics of the Loans – Insurance policies". No assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable buildings insurance contracts. This could adversely affect the Issuer's ability to redeem the Notes.

### ***Limited Secondary Market for Loans***

The ability of the Issuer to redeem all of the Notes in full, including following the occurrence of an Event of Default (as defined in the Conditions) 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 not, at present, an active and liquid secondary market for mortgage loans of this type in the United Kingdom. None of the Notes have been, or will be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set forth under "Subscription and Sale and "Transfer Restrictions and Investor Representations". There can be no assurance that a secondary market for the Loans will develop or, if a secondary market does develop, that it will provide sufficient liquidity of investment for the Loans to be realised or that if it does develop it will continue for the life of the Notes. The Issuer and, following the occurrence of an Event of Default, the Security Trustee may

not, therefore, be able to sell the Mortgages for an amount sufficient to discharge amounts due to the Secured Creditors (including the Noteholders) in full should they be required to do so, which would adversely affect payments on the Notes.

### ***Regulatory considerations in relation to the Loans***

Certain regulatory risks exist in relation to the Loans, including in relation to the legal and regulatory considerations relating to the Loans and their Related Security, changes in law, regulation, the possibility of complaints by Borrowers in relation to terms of the Loans and in relation to the policies and procedures of the Seller. If any of these risks materialise they could have an adverse effect on the ability of the Issuer to satisfy its obligations under the Notes. For a description of the key legal and regulatory considerations in the United Kingdom in relation to the residential mortgage business and the Loans, please see the section entitled "Information Relating to the Regulation of Mortgages in the UK".

## **3. OTHER RISKS RELATING TO THE NOTES AND THE STRUCTURE**

### ***Subordination of the Class Z VFN***

The Class Z VFN is subordinated in right of payment of interest and principal to the Class A Notes. There is no assurance that the subordination of the Class Z VFN will protect the holders of Class A Notes from all risk of loss.

### ***Deferral of Interest Payments on the Class Z VFN***

If, on any Interest Payment Date while any of the Class A Notes remain outstanding, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) payable in respect of the Class Z VFN after having paid or provided for items of higher priority in the Pre-Acceleration Revenue Priority of Payments, then the Issuer will be entitled under Condition 16 (Subordination by Deferral) to defer payment of such amounts (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as interest in respect of the Class Z VFN becomes immediately due and repayable in accordance with the Conditions. Such deferral will not constitute an Event of Default. If there are no Class A Notes then outstanding, the Issuer will not be entitled, under Condition 16 (Subordination by Deferral), to defer payments of interest in respect of the Class Z VFN.

Failure to pay interest on the Class A Notes or, if there are no Class A Notes then outstanding, the Class Z VFN shall constitute an Event of Default under the Notes which may result in the Security Trustee enforcing the Security.

### ***Class Z VFN Holder's discretionary rights to fund Class A Target Amortisation Amounts and Revenue Shortfalls***

On any Interest Payment Date while any of the Class A Notes remain outstanding, the Class Z VFN Holder may (at their sole discretion) elect to make further drawings available under the Class Z VFN to fund individually (in whole or in part) any Class A1 Target Amortisation Amount Shortfall, any Class A2 Target Amortisation Amount Shortfall or any Class A3 Target Amortisation Amount Shortfall (to the extent due and payable) in respect of the Class A1 Notes and/or Class A2 Notes and/or Class A3 Notes (as applicable).

The Class Z VFN Holder may (at its sole discretion) elect to make an advance under the Class Z VFN to fund a Class A3 Target Amortisation Amount Shortfall solely to the extent that on the relevant Interest Payment Date: (a) prior to the Class A1 Sterling Equivalent Redemption Date, there is no Class A1 Target Amortisation Amount Shortfall or Class A2 Target Amortisation Amount Shortfall; and (b) following the Class A1 Sterling Equivalent Redemption Date, there is no Class A2 Target Amortisation Amount Shortfall and the Class A1 Principal Amount Outstanding is zero. Following the Class A1 Sterling Equivalent Redemption

Date, the Class Z VFN holder may not elect to make an advance under the Class Z VFN to fund any Class A1 Principal Amount Outstanding unless there is no Class A2 Target Amortisation Amount Shortfall on the relevant Interest Payment Date.

The Class Z VFN Holder may also (again at their sole discretion) elect to make further drawings available under the Class Z VFN to fund any Covid-19 Revenue Shortfall Amount.

The Class Z VFN Holder is not obliged to make such drawings available under the Class Z VFN for the purposes of funding any Class A1 Target Amortisation Amount Shortfall, any Class A2 Target Amortisation Amount Shortfall or any Class A3 Target Amortisation Amount Shortfall or the Covid-19 Revenue Shortfall Amount. This option is exercisable by the Class Z VFN Holder at their sole discretion.

If there is a shortfall in the Class A1 Target Amortisation Amount and/or the Class A2 Target Amortisation Amount and/or the Class A3 Target Amortisation Amount on an Interest Payment Date, if the Class Z VFN Holder (at its sole discretion) does not make any further drawings available under the Class Z VFN to fund any of: (A) the Class A1 Target Amortisation Amount Shortfall subsisting on that Interest Payment Date; (B) the Class A2 Target Amortisation Amount Shortfall subsisting on that Interest Payment Date; or (C) the Class A3 Target Amortisation Amount Shortfall subsisting on that Interest Payment Date, then the Issuer shall have no additional funds to reduce the Sterling Equivalent Principal Amount Outstanding of the Class A Notes to the relevant target principal amount in respect of that Interest Payment Date in accordance with the Pre-Acceleration Principal Priority of Payments. If any shortfalls in the Class A1 Target Amortisation Amount and/or the Class A2 Target Amortisation Amount and/or the Class A3 Target Amortisation Amount remain unpaid, it shall not be an Event of Default in relation to the relevant Class A Notes but such amounts may be paid on any subsequent Interest Payment Dates. If there is a shortfall in relation to the amounts available to pay interest on the Class A Notes on any Interest Payment Date and any failure to pay interest on the Class A Notes continues for a period of 14 days it shall be an Event of Default in relation to the Notes and the Note Trustee may subject as provided in Condition 10.1 (Class A Notes), serve a Note Acceleration Notice on the Issuer stating that all Classes of Notes are immediately due and repayable at their respective Principal Amounts Outstanding together with Accrued Interest as provided in the Trust Deed.

### ***Business Day Convention***

Certain terms of the Notes (including, but not limited to, the determination of Interest Payment Dates, provision of the monthly report provided by the Cash Manager pursuant to the Cash Management Agreement (the **Investor Report**)) are determined with respect to the occurrence of "Business Days". Under the Transaction Documents, a "Business Day" corresponds to days on which banks are open for business in London. Prospective investors should note that local business days may differ from London business days, and as a result investors may not be able to receive payments until the next local business day. Any amounts not paid due to local business day conventions will not accrue interest.

Furthermore, all dollar-denominated payments made by the Currency Swap Provider to the relevant Paying Agent in connection with the Currency Swap Transaction (or by the Cash Manager to the relevant Paying Agent in the event of a termination of the original Currency Swap Agreement) shall be made on "New York Business Days". Under the Transaction Documents, a "New York Business Day" corresponds to days on which banks are open for business in New York City. Prospective investors should note that New York Business Days may differ from Business Days (as defined in the Transaction Documents), and as a result investors in the Class A1 Notes located outside of the United States may not be able to receive payments until the next New York Business Day. Any amounts not paid where a Business Day is not a New York Business Day will not accrue interest.

### ***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% in aggregate Sterling Equivalent Principal Amount Outstanding of the Controlling Class then outstanding or if so directed by an Extraordinary Resolution of the Controlling Class, shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction) give a Note Acceleration 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 as provided in the Trust Deed.

So long as no Class A Notes remain outstanding, upon the occurrence of an Event of Default, the Note Trustee shall, if so directed in writing by the holders of the Class Z VFN (subject to being indemnified and/or secured and/or prefunded to its satisfaction), give a Note Acceleration 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 as provided in 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 or the Trust Deed (including the Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) of the other Transaction Documents to which it is a party, and, at any time after the service of a Note Acceleration Notice, the Security Trustee may, at its discretion and without notice, take such steps, actions or proceedings 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, actions or steps (including, but not limited to, the giving of a Note Acceleration Notice in accordance with Condition 10 (Events of Default)) unless:

- (a) it shall have been directed to do so by (I) an Extraordinary Resolution of the Controlling Class or in writing by the holders of at least 25% of the aggregate Sterling Equivalent Principal Amount Outstanding of the Controlling Class then outstanding or (II) if there are no Notes then outstanding, all the other Secured Creditors; and
- (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction,

provided that the Note Trustee or the Security Trustee shall not, and shall not be bound to, act at the direction of the Class Z VFN Holder as aforesaid so long as any Class A Notes are outstanding. If neither the Note Trustee nor the Security Trustee use their discretion where they have not been directed as described above, it may adversely affect the ability of the Issuer to make payments on the Notes following the service of a Note Acceleration Notice.

See further 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.

***Although the Notes are being issued under the Social Bond Guidelines, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor***

Prospective investors in the Notes should consider that this transaction has been structured in contemplation of complying with the Social Bond Guidelines. The Social Bond Guidelines include Social Bond Principles. Social Bond Principles include social projects that provide or promote access to essential services and/or socioeconomic advancement and empowerment. In particular, investors should note that it is YBS's intention to apply the purchase price proceeds it receives in respect of the sale of the Loans (financed by the Issuer out of the proceeds raised from the issuance of the Notes) in accordance with ICMA's published Social Bond Guidelines and Social Bond Principles, and to utilise such proceeds to repay other funding arrangements relating to origination of mortgage loans as part of YBS's usual funding cycle. The Loans have been originated for a specific target of the population which comprises an Eligible Social Project. Prospective investors should determine for themselves the relevance of such information for the purpose of any investment in such Notes, together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer that the use of such proceeds for an Eligible Social Project will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect social impact of any projects or uses, the subject of or related to, any Eligible Social Projects. Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "social" or equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "social" or such other equivalent label, nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses that are the subject of, or related to, YBS's Eligible Social Project will meet any or all investor expectations regarding such "social" or other equivalently-labelled performance objectives or that any adverse social and/or other impacts will not occur during the implementation of any projects or uses that are the subject of, or related to, YBS's Eligible Social Project.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection now or in the future with the issue of any Notes and in particular with any Eligible Social Project to fulfil any social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Prospectus. Any such opinion or certification is not, will not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Notes. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. In the event that any such Notes are listed or admitted to trading on any dedicated "social" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any other person that such listing or admission satisfies, whether in whole or in part,

any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect social impact of any projects or uses, the subject of or related to, any Eligible Social Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes. Any such event or failure to apply the proceeds for such Eligible Social Project as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer and/or YBS is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. None of the Arranger or the Joint Lead Managers will verify or monitor the proposed use of proceeds of the Notes issued. None of the Arranger or the Joint Lead Managers makes any representation as to the suitability of the Notes to fulfil social and sustainability criteria required by prospective investors. The Arranger and the Joint Lead Managers have not undertaken, nor are they responsible for, any assessment of the Social Bond Framework and any verification of whether or not the Notes or the Social Bond Framework achieve any of ICMA's Social Bond Principles. Investors should refer to YBS's Social Bond Framework, YBS's website and the Second Party Opinion for information. The Second Party Opinion provider has been appointed by YBS. For the avoidance of doubt, none of the Social Bond Framework, the YBS's website or the Second Party Opinion form part of this Prospectus. Investors should also note that (i) the YBS Social Bond Framework may be amended in future without the consent of the Noteholders and (ii) there is no obligation on the Issuer, YBS, the Arranger, the Joint Lead Managers, the Note Trustee, the Security Trustee or any other Transaction Party to notify the Noteholders of any such amendment.

#### **4. RISKS RELATED TO CHANGES TO THE STRUCTURE AND DOCUMENTS**

##### ***Conflict between Noteholders***

The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee to have regard to the interests of the Class A Noteholders and the Class Z VFN Holder equally as regards all powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise).

If, in the Note Trustee's opinion, however, there is or may be a conflict between the interests of the holders of one Class of Notes and the holders of another Class of Notes, the Note Trustee will be required to have regard only to the holders of the Class A Notes and will not have regard to any lower ranking Class of Notes nor to the interests of the other Secured Creditors except to ensure the application of the Issuer's funds in accordance with the relevant Priority of Payments.

On the Closing Date, YBS will purchase \$15,000,000 of the Class A1 Notes, £14,000,000 of the Class A2 Notes, all of the Class A3 Notes and all of the Class Z VFN (see the section entitled "Subscription and Sale" for further details).

Pursuant to the terms of the Trust Deed, the Notes held or controlled for or by any of YBS, Accord, the Issuer or any of their holding companies or subsidiaries (or subsidiaries of such holding companies), will not be taken into account by the Note Trustee (except in the case of the Seller or YBS, any holding company of the Seller or YBS or any other Subsidiary of such holding company (the **Relevant Persons**) where all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Class of Notes (the **Relevant Class of Notes**) shall be deemed to remain outstanding except

that, if there is any other Class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such Class, then the Relevant Class of Notes shall be deemed not to remain outstanding) for the purposes of (i) the right to attend and vote at any meeting of the Noteholders of any Class or any written resolution, (ii) the determination of how many and which Notes are outstanding for the purposes of action, proceedings and indemnification by the Note Trustee, meetings of the Noteholders, events of default and enforcement, (iii) any discretion, power or authority which the Security Trustee and/or the Note Trustee is required to exercise by reference to the interests of the Noteholders of any Class and (iv) the determination by the Note Trustee of whether, in its opinion, something is materially prejudicial to the interests of the Noteholders or any Class thereof, unless such parties hold all of the relevant class of Notes and there are no *pari passu* or junior classes of Notes which they do not also hold in their entirety. YBS also acts in various capacities in the transaction, including as Servicer, Cash Manager, Account Bank, GIC Provider, Interest Rate Swap Provider and Class Z VFN Registrar.

#### ***Conflict between the Noteholders of each sub-Class of the Class A Notes***

There may be circumstances where the interests of a sub-Class of the Class A Noteholders conflict with the interests of another sub-Class of the Class A Noteholders. The Trust Deed and the Conditions provide that where, in the sole opinion of the Note Trustee, there is such a conflict, a resolution directing the Note Trustee to take any action must be passed at separate meetings of the holders of each such sub-Class of the Class A Notes. A resolution may only be passed at a single meeting of the Noteholders of each sub-Class if the Note Trustee is, in its absolute discretion, satisfied that there is no conflict between them. Similar provisions apply in relation to requests in writing from Noteholders of a specified proportion of the Principal Amount Outstanding of the Notes then outstanding of each sub-Class.

#### ***Conflict 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 other Secured Creditors, subject to the provisions of the Trust Deed and Condition 12 (Meetings of Noteholders, Modification, Waiver and Substitution).

#### ***Certain material interests***

The Arranger, the Joint Lead Managers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the YBS Group. Other parties to the transaction may also perform multiple roles, including YBS, who will act as Servicer, Cash Manager, Account Bank, GIC Provider, Interest Rate Swap Provider and Class Z VFN Registrar.

Nothing in the Transaction Documents shall prevent any of the parties to the Transaction Documents from rendering services similar to those provided for in the Transaction Documents to other persons, firms or companies or from carrying on any business similar to or in competition with the business of any of the parties to the Transaction Documents.

Accordingly, conflicts of interest may exist or may arise as a result of parties to this transaction:

- (a) having previously engaged or in the future engaging in transactions with other parties to the transaction;
- (b) having multiple roles in this transaction; and/or
- (c) carrying out roles in other transactions for third parties.



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, Noteholders may be adversely affected.

In addition to the interests described in this Prospectus, prospective investors should be aware that each of the Arranger and their respective related entities, associates, officers or employees (each a **Relevant Entity**) (a) may from time to time be a Noteholder or have other interests with respect to the Notes and they may also have interests relating to other arrangements with respect to a Noteholder or a Note; (b) may receive (and will not have to account to any person for) fees, brokerage and commission or other benefits and act as principal with respect to any dealing with respect to any Notes; (c) may purchase all or some of the Notes and resell them in individually negotiated transactions with varying terms; and (d) may be or have been involved in a broad range of transactions including, without limitation, banking, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Issuer or any Transaction Party, both on its own account and for the account of other persons.

As such, each Relevant Entity may have various potential and actual conflicts of interest arising in the ordinary course of its business. For example, a Relevant Entity's dealings with respect to the Notes, the Issuer or a Transaction Party may affect the value of the Notes as the interests of this Relevant Entity may conflict with the interests of a Noteholder, and that Noteholder may suffer loss as a result. To the maximum extent permitted by applicable law, no Relevant Entity is restricted from entering into, performing or enforcing its rights in respect of the Transaction Documents or the interests described above and may continue or take steps to further or protect any of those interests and its business even where to do so may be in conflict with the interests of Noteholders. The Relevant Entities may in so doing act in its own commercial interests without notice to, and without regard to, the interests of the Noteholders or any other person. To the maximum extent permitted by applicable law, the duties of each Relevant Entity in respect of the Notes are limited to the relevant contractual obligations set out in the Transaction Documents (if any) and, in particular, no advisory or fiduciary duty is owed to any person. No Relevant Entity shall have any obligation to account to the Issuer, any other Transaction Party or any Noteholder for any profit as a result of any other business that it may conduct with either the Issuer or any other Transaction Party.

### ***Meetings of Noteholders, Modification and Waivers***

The Conditions contain provisions for calling meetings of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing. These provisions permit decisions of defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting, or, as the case may be, did not sign the written resolutions, and including those Noteholders who voted in a manner contrary to the majority. Such binding decisions of defined majorities may also occur by way of a sufficient number of Noteholders providing their consent either in writing or by way of electronic consents submitted through the electronic communications systems of the clearing system(s).

The Conditions also provide that the Note Trustee or, as the case may be, the Security Trustee may agree, without the consent of the Noteholders or the other Secured Creditors (but, in the case of the Security Trustee only, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document), to (i) (other than in respect of a Basic Terms Modification) any modification of, or the waiver or authorisation of, any breach or proposed breach of, the Conditions of the Notes 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 (ii) any modification which, in the Note Trustee's or, as the case may be, the Security Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error. In certain circumstances, a failure by the Issuer to obtain the prior written consent of the Interest Rate Swap Provider or the Currency Swap Provider in respect of amendments to the Transaction Documents may result in the termination of the Interest Rate Swap Transaction or the Currency Swap Transaction, respectively. The Note Trustee may also, without the consent of the Noteholders, if it is of the opinion that such determination will not be materially prejudicial to the interests of the Noteholders,

determine that an Event of Default shall not, or shall not subject to any specified conditions, be treated as such. See Condition 12 (Meetings of Noteholders, Modification, Waiver and Substitution).

The Note Trustee and/or the Security Trustee (as the case may be) shall be obliged, without any consent or sanction of the Noteholders, or, subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or whose ranking in any Priority of Payments is affected, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to the Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security or to enter into any new, supplemental or additional documents that the Issuer considers necessary in order to enable the Issuer to comply with any requirements which apply to it under Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, as amended by Regulation (EU) No 2019/834 (and as further amended from time to time) (**EU EMIR**) and Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators as it forms part of domestic law of the United Kingdom by virtue of the EUWA (**UK EMIR**), as amended, subject to receipt by the Note Trustee and the Security Trustee of a certificate issued by (i) the Issuer or (ii) the Cash Manager on behalf of the Issuer certifying to the Note Trustee and the Security Trustee the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under UK EMIR and/or EU EMIR and have been drafted solely to that effect.

Further, the Note Trustee and/or the Security Trustee (as the case may be) may also be obliged, in certain circumstances, to agree to amendments to the Conditions and/or the Transaction Documents for the purpose of (i) complying with any requirements which apply under UK EMIR and/or EU EMIR, (ii) 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, (iii) complying with changes in the requirements of Article 6 of the UK Securitisation Regulation or Article 6 of the EU Securitisation Regulation, the U.S. Credit Risk Retention Requirements, Regulation (EU) 2017/2401 as it forms part of UK law by virtue of the EUWA, including any applicable regulations, rules, guidance or other implementing measures of the FCA or other relevant UK regulator (or their successor) in relation thereto (the **UK CRR**) or any other risk retention regulations, (iv) enabling the Notes to comply with the requirements of the UK Securitisation Regulation and/or the EU Securitisation Regulation, including relating to compliance with UK STS Requirements and the treatment of the Notes as a simple, transparent and standardised securitisation, (v) enabling the Class A Notes to be (or to remain) listed on Euronext Dublin or, where the maintenance of such listing has become unduly onerous, procure and maintain either the admission of the Class A Notes to the Official List of the FCA and to trading on the regulated market of the London Stock Exchange or the listing of the Class A Notes on such other stock exchange or exchanges or securities market or markets as the Issuer may decide **provided that** such new stock exchange is a recognised stock exchange for the purposes of Section 987 of the ITA 2007, (vi) enabling the Issuer or any of the other Transaction Parties to comply with Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (**FATCA**), (vii) complying with any changes in the requirements of the UK CRA Regulation after the Closing Date, and (viii) changing the base rate on the Notes from SOFR in the case of the Class A1 Notes (following the Step-Up Date) and SONIA in the case of the Notes (other than the Class A1 Notes) to an Alternative Base Rate (as applicable) (and such other amendments as are necessary or advisable in the reasonable judgement of the Issuer to facilitate such change) to the extent there has been or there is reasonably expected to be a material disruption or cessation to SONIA or SOFR, or an alternative means of calculating a SONIA-based rate of interest or a SOFR-based rate of interest is introduced and becomes a standard method of calculating interest for similar transactions (each a **Proposed Amendment**), without the consent of Noteholders pursuant to and in accordance with the detailed provisions of Condition 12.6(j), in respect of a Base Rate Modification.

In relation to any such Proposed Amendment, the Issuer is required to give at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 15 (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, unless Noteholders representing at least 10% of the aggregate Sterling Equivalent Principal Amount Outstanding of the Controlling Class of Notes then outstanding have 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% of the aggregate Sterling Equivalent Principal Amount Outstanding of the most senior Class of Notes then outstanding have notified the Issuer or the Principal Paying Agent 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 12 (Meetings of Noteholders, Modification, Waiver and Substitution).

The full requirements in relation to the modifications discussed above are set out in Condition 12.6 (Additional Right of Modification).

## **5. COUNTERPARTY RISKS**

### ***Issuer Reliance on Other Third Parties***

The Issuer is also party to contracts with a number of other third parties who have agreed to perform services in relation to the Notes. In particular, but without limitation, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer pursuant to the Corporate Services Agreement, the Interest Rate Swap Provider has agreed to provide hedging to the Issuer pursuant to the Interest Rate Swap Agreement, the Currency Swap Provider has agreed to provide a currency swap pursuant to the Currency Swap Agreement, the GIC Provider has agreed to provide the Guaranteed Investment Contract (the **GIC**) to the Issuer pursuant to the Guaranteed Investment Contract, the Account Bank has agreed to provide the GIC Account and the Transaction Account to the Issuer pursuant to the Bank Account Agreement, the Collateral Account Bank has agreed to provide the Collateral Accounts to the Issuer pursuant to the Collateral Account Bank Agreement, the Servicer has agreed to service the Portfolio pursuant to the Servicing Agreement, the Cash Manager has agreed to provide cash management services pursuant to the Cash Management Agreement, the Back-Up Servicer Facilitator has agreed to assist in appointing a back-up servicer pursuant to the Servicing Agreement and the Principal Paying Agent, the Class Z VFN 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, Noteholders may be adversely affected.

The performance of any such third parties 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) and widespread health crises or the fear of such crises (such as coronavirus (including Covid-19), measles, SARS, Ebola, H1N1, Zika, avian influenza, swine flu, or other epidemic diseases), which may result in a material delay or default in the performance of certain services in relation to the Notes by such third parties, including as a result of employees of such third parties being required to work remotely in accordance with government requirements in response to such crises.

### ***Change of Counterparties***

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

These criteria include requirements imposed under the FSMA and requirements in relation to the counterparty risk assessment short-term and/or long-term unguaranteed and unsecured ratings or issuer default ratings ascribed to such party by Fitch and Moody's. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document, and the cost to the Issuer may therefore increase. This may reduce amounts available to the Issuer to make payments of interest on the Notes. A third party or any substitute may be unable to perform its obligations under the agreements to which it is a party as a result of factors outside its control, including disruptions due to technical difficulties (including as a result of cyber threats) and local, national and/or global macroeconomic factors (such as epidemics). In the event of a successful cyber attack, third parties would be exposed to financial loss, reputational loss, the risk of not achieving their business objectives as well as major disruption in their operations which could result in their failure to perform their obligations under the respective agreements to which they are party. Such a failure may disrupt the Issuer's ability to receive collections on the Portfolio and/or make payments on the Notes.

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

### ***Ability to appoint a substitute Servicer***

If the Servicer is removed, there is no guarantee that a substitute servicer would be found, which could disrupt collection of payments due on the Loans and ultimately could adversely affect payments on the Notes. Such risk is mitigated by the provisions of the Servicing Agreement pursuant to which the Back-Up Servicer Facilitator, in certain circumstances, is required to assist the Issuer in appointing a substitute servicer.

YBS has been appointed by the Issuer as Servicer to service the Loans. If the Servicer breaches the terms of the Servicing Agreement, then (prior to the delivery of a Note Acceleration Notice and with the prior written consent of the Security Trustee (acting on the instructions of the Note Trustee)) the Issuer or (after delivery of a Note Acceleration Notice) the Security Trustee (acting on the instructions of the Note Trustee) will be entitled to terminate the appointment of the Servicer in accordance with the terms of the Servicing Agreement, and the Issuer and the Seller shall use their reasonable endeavours to appoint a new servicer in its place whose appointment is approved by the Security Trustee (acting on the instructions of the Note Trustee).

There can be no assurance that a substitute servicer with sufficient experience of servicing the Loans would be found who would be willing and able to service the Loans on the terms of the Servicing Agreement. 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 the Loans. 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.

The Servicer has no obligation itself to advance payments that Borrowers fail to make in a timely fashion.

### ***Rating Agency confirmations***

The Conditions provide that if a Ratings 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 Ratings Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer and: (i) (A) one Rating Agency (such Rating Agency, a **Non-Responsive Rating Agency**) indicates that it does not consider such Ratings Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Ratings Confirmation or response or (B) within 30 days of delivery of such request, no Ratings Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Ratings Confirmation or response could not be given; and (ii) one Rating Agency gives such Ratings Confirmation or response based on the same facts, then such condition to receive a Ratings Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Ratings Confirmation or response from the Non-Responsive Rating Agency if the Cash Manager on behalf of the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors certifying and confirming that each of the events in paragraph (i) (A) or (i)(B) and paragraph (ii) above has occurred following the delivery by or on behalf of the Issuer of a written request to each Rating Agency. Where a Ratings Confirmation is a condition to any action or step under any Transaction Document and it is deemed to be modified as a result of a Non-Responsive Rating Agency 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 Class A Notes as a result of the action or step. Such a downgrade, qualification or withdrawal of the then current ratings of the Class A Notes may have an adverse effect on the value of the Class A Notes.

The Note Trustee and the Security Trustee shall be entitled to rely without liability to any person on any certificate delivered to it in connection with a Non-Responsive Rating Agency pursuant to Condition 18 (Non-Responsive Rating Agency). The Note Trustee and the Security Trustee shall not be required to investigate any action taken by the Issuer or such Non-Responsive Rating Agency and shall treat the applicable condition or requirement to receive a Ratings Confirmation or response from each Rating Agency as having been modified with the consent of all Noteholders and all parties to the relevant Transaction Documents so that there shall be no requirement for such Ratings Confirmation or response from the Non-Responsive Rating Agency.

### ***Interest Rate Risk***

The Loans in the Portfolio are subject to variable and fixed interest rates while the Issuer's liabilities under the Notes are based on Compounded Daily SONIA (or, with respect to the Class A1 Notes, a fixed rate prior to the Step-Up Date and Compounded Daily SOFR thereafter).

To hedge its interest rate exposure in respect of the Fixed Rate Loans in the Portfolio and the amounts payable under the Notes, the Issuer will on the Closing Date enter into an interest rate swap transaction under the Interest Rate Swap Agreement (the **Interest Rate Swap Agreement**) with the Interest Rate Swap Provider (the **Interest Rate Swap Transaction**) (see "Credit Structure – Interest Rate Risk for the Notes"). The Issuer will not enter into a swap agreement to hedge its interest rate exposure in relation to the SVR Loans in the Portfolio and the amounts payable under the Notes. Pursuant to the terms of the Servicing Agreement the SVR in relation to the SVR Loans, shall, following a Perfection Event, be set at a minimum rate, set by reference to Compounded Daily SONIA. Prior to the occurrence of a Perfection Event, the SVR shall be set in line with the Seller's SVR. The Interest Rate Swap Transaction covers a major share of the interest rate risk present in the context of the Notes.

A failure by the Interest Rate Swap Provider to make timely payments of amounts due under the Interest Rate Swap Transaction will constitute a default thereunder. The Interest Rate Swap Transaction provides

that the Sterling amounts owed by the Interest Rate Swap Provider on any payment date may be netted against the Sterling amounts owed by the Issuer on the same payment date. Accordingly, if the amounts owed by the Issuer to the Interest Rate Swap Provider on a payment date are greater than the amounts owed by the Interest Rate Swap Provider to the Issuer on the same payment date, then the Issuer will pay the difference to the Interest Rate Swap Provider on such payment date; if the amounts owed by the Interest Rate Swap Provider to the Issuer on a payment date are greater than the amounts owed by the Issuer to the Interest Rate Swap Provider on the same payment date, then the Interest Rate Swap Provider will pay the difference to the Issuer on such payment date; and if the amounts owed by both counterparties are equal on a payment date, neither party will make a payment to the other on such payment date.

To the extent that the Interest Rate Swap Provider defaults on its obligations under the Interest Rate Swap Transaction to make payments to the Issuer in Sterling, the Issuer will be exposed to the possible variance between the fixed rates payable on the Fixed Rate Loans in the Portfolio and the floating interest payable on the Notes. Unless one or more comparable replacement interest rate swaps are entered into, the Issuer may have insufficient funds to make payments due on the Notes. As noted above, the Issuer will not enter into a swap transaction to hedge its interest rate exposure to the possible variance between the standard variable rates payable on the SVR Loans in the Portfolio and Compounded Daily SONIA.

If the Interest Rate Swap Provider posts any Collateral, such Collateral will be utilised solely for the purpose of supporting the Interest Rate Swap Provider's obligations under the Interest Rate Swap Transaction and shall be returned directly to the Interest Rate Swap Provider (and not in accordance with the relevant Priority of Payments) in accordance with the terms of the Interest Rate Swap Agreement.

The Interest Rate Swap Transaction is scheduled to terminate on 31 October 2031. Accordingly, if any of the Notes remain outstanding after such date, the Issuer will be subject to the potential variation between the rates of interest payable in respect of Fixed Rate Loans in the Portfolio and Compounded Daily SONIA. Unless one or more comparable replacement interest rate swaps are entered into, the Issuer may have insufficient funds to make payments due on the Notes after that date.

The rates payable by the Issuer under the Interest Rate Swap Transaction are not intended to be an exact match of the interest rates that the Issuer receives in respect of the Fixed Rate Loans in the Portfolio. As such, there may be circumstances in which the rate payable by the Issuer under the Interest Rate Swap Transaction exceeds the amount that the Issuer receives in respect of the Loans in the Portfolio. The Issuer will not enter into a swap transaction to hedge its exposure in relation to the interest rates it receives in respect of the SVR Loans in the Portfolio. As such, the Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of the SVR Loans and the rate of interest payable in respect of the Notes. See further "Changes or uncertainty in respect of interest rate benchmarks may affect the value, liquidity and payment of interest under the Notes" below.

### ***Currency Risk for the Class A1 Notes***

Subscription amounts for the Class A1 Notes will be paid by investors in dollars and the Class A1 Notes will be denominated in dollars and will accrue interest at a fixed rate prior to the Step-Up Date and Compounded Daily SOFR thereafter. The Loans in the Portfolio are denominated in Sterling. Some of the Loans in the Portfolio pay a variable rate of interest and other Loans in the Portfolio pay a fixed rate of interest for a period of time. Pursuant to the Interest Rate Swap Transaction, the Issuer will swap these fixed rates of interest for amounts calculated by reference to Compounded Daily SONIA (as determined under the Interest Rate Swap Transaction). Amounts received by the Issuer in respect of Principal Receipts, Revenue Receipts and amounts under the Interest Rate Swap Transaction will be in Sterling.

The Issuer will enter into a Currency Swap Transaction in respect of payments of principal and interest on the Class A1 Notes pursuant to the Currency Swap Agreement (the **Currency Swap Agreement**) with the Currency Swap Provider to hedge against: (i) the currency mismatch and possible variance between the

Revenue Receipts received in respect of the Portfolio and the dollar interest amounts due in respect of the Class A1 Notes; and (ii) the currency mismatch between the Principal Receipts received in respect of the Portfolio and the dollar principal amounts due on the Class A1 Notes (the **Currency Swap Transaction**) (see "Credit Structure", below).

A failure by the Currency Swap Provider to make timely payments of amounts due under the Currency Swap Agreement will constitute a default thereunder. The Currency Swap Agreement provides that, with respect to the Class A1 Notes the dollar amounts, owed by the Currency Swap Provider will be paid on each payment date under the Currency Swap Agreement (which corresponds to an Interest Payment Date or, in the case of the early redemption of the Class A1 Notes in full, on the date of such redemption). The Sterling amounts owed by the Issuer will be paid to the Currency Swap Provider on the same payment dates. To the extent that the Currency Swap Provider is not obliged to provide, or otherwise defaults in its obligations, to provide, the Issuer with an amount in dollars equal to the full amount of interest and principal due on the Class A1 Notes on any payment date under the Currency Swap Transaction, the Issuer will be exposed to: (i) changes in, with respect to the Currency Swap Transaction, dollar/Sterling currency exchange rates, and (ii) possible variances between (x) the fixed rate of interest payable on the Class A1 Notes prior to the Step-Up Date and Compounded Daily SOFR thereafter, and (y) the rates of interest it receives under the Loans, and the amounts it receives under the Interest Rate Swap Transaction (the amounts under the Interest Rate Swap Transaction are calculated by reference to Compounded Daily SONIA (as determined under the Interest Rate Swap Transaction)). Accordingly, unless one or more replacement currency swaps are entered into, the Issuer may have insufficient funds to make payments due on the Notes.

If the Currency Swap Provider posts any Collateral, such Collateral will be utilised solely for the purpose of supporting the Currency Swap Provider's obligations under the Currency Swap Transaction and shall be returned directly to the Currency Swap Provider (and not in accordance with the relevant Priority of Payments) in accordance with the terms of the Currency Swap Agreement.

The Currency Swap Transaction is scheduled to terminate on the Final Maturity Date. Accordingly, if any of the Notes remain outstanding after such date, the Issuer will be subject to the potential variation between the Sterling rates of interest and principal payable in respect of the Loans or the Sterling amounts payable under the Interest Rate Swap Transaction, as applicable, and the dollar rates of interest and principal amount payable on the Class A1 Notes. Unless one or more comparable replacement currency swaps are entered into, the Issuer may have insufficient funds to make payments due on the Class A1 Notes after that date.

Changes to SONIA or SOFR may also adversely affect the operation of the Currency Swap Transaction (see also "*– Macroeconomic and Market Risks – The market continues to develop in relation to risk free rates (including overnight rates) as reference rates in the capital markets*" below).

#### ***Termination payments under the Interest Rate Swap Agreement***

Subject to the following, the Interest Rate Swap Agreement will provide that, upon the occurrence of certain events, the Interest Rate Swap Transaction may terminate and a termination payment by either the Issuer or the Interest Rate Swap Provider may be payable, depending on, among other things, the terms of the Interest Rate Swap Agreement and the cost of entering into any relevant replacement transaction at the time. Any termination payment due by the Issuer (other than an Interest Rate Swap Excluded Termination Amount and to the extent not satisfied by any applicable Replacement Swap Premium or, in certain circumstances and/or to a limited extent, any excess collateral amounts standing to the credit of any relevant Collateral Account, which shall in each case be paid directly by the Issuer to the Interest Rate Swap Provider) will rank prior to payments in respect of the Notes. If any termination amount is payable by the Issuer, payment of such termination amounts may affect amounts available to pay interest and principal on the Notes.

Any additional amounts required to be paid by the Issuer following termination of the Interest Rate Swap Transaction (including any extra costs incurred in entering into replacement transactions) will also rank prior to payments in respect of the Notes. This may affect amounts available to pay interest on the Notes and, following service of a Note Acceleration Notice on the Issuer (which has not been revoked), interest and principal on the Notes.

No assurance can be given as to the ability of the Issuer to enter into one or more replacement transactions, or if one or more replacement transactions are entered into, as to the credit rating of the interest rate swap provider for the replacement transactions.

#### ***Termination payments under Currency Swap Transaction***

Subject to the following, the Currency Swap Agreement will provide that, upon the occurrence of certain events, the Currency Swap Transaction may terminate and a termination payment by either the Issuer or the Currency Swap Provider may be payable, depending on, among other things, the terms of such Currency Swap Transaction and the cost of entering into a replacement transaction at the time. Any termination payment due by the Issuer (other than a Currency Swap Excluded Termination Amount and to the extent not satisfied by any applicable replacement swap premium or, in certain circumstances and/or to a limited extent, amounts standing to the credit of any Collateral Account, which shall in each case be paid directly by the Issuer to the Currency Swap Provider) will rank *pari passu* with payments in respect of the Class A Notes. If any termination amount is payable by the Issuer, payment of such termination amounts may affect amounts available to pay interest and principal on the Notes.

Any additional amounts required to be paid by the Issuer following termination of the Currency Swap Agreement (including any extra costs incurred from entering into "spot" currency rate swaps if the Issuer cannot immediately enter into a relevant replacement swap) will also rank equally not only with payments due to the holders of the Class A1 Notes but also with payments due to the holders of the Class A2 Notes and the Class A3 Notes which rank equally with the Class A1 Notes. This may affect amounts available to pay interest and principal on all or some of the Class A Notes.

No assurance can be given as to the ability of the Issuer to enter into one or more replacement currency swap transactions, or if one or more replacement currency swap transactions are entered into, as to the credit rating of the currency swap provider for the replacement currency swap transactions.

#### ***Insolvency of the Interest Rate Swap Provider or the Currency Swap Provider***

In the event of the insolvency of the Interest Rate Swap Provider or the Currency Swap Provider (each, a **Swap Provider**), the Issuer will be treated as a general creditor of such Swap Provider. Consequently, the Issuer is subject to the credit risk of the Swap Providers. To mitigate this risk, under the terms of the Interest Rate Swap Agreement and the Currency Swap Agreement (each, a **Swap Agreement**), in the event that the ratings of such Swap Provider fail to meet the relevant required ratings, such Swap Provider will, in accordance with the terms of the relevant Swap Agreement, be required to elect to take certain remedial measures within the applicable time frame stipulated in the relevant Swap Agreement (at such Swap Provider's own cost) which may include providing Collateral for its obligations under the Interest Rate Swap Transaction or the Currency Swap Transaction (as applicable), arranging for its obligations under the Interest Rate Swap Transaction or the Currency Swap Transaction to be transferred to an entity with the relevant required ratings, procuring another entity with the relevant required ratings to become guarantor or co-obligor, as applicable, in respect of its obligations under the relevant Swap Agreement or taking other action (which may include inaction) as may be necessary so that the rating of the Class A Notes, following such action or inaction, will be rated no lower than the Class A Notes would be rated but for such downgrade. However, no assurance can be given that, at the time that such actions are required, sufficient collateral will be available to the relevant Swap Provider or that another entity with the relevant required ratings will be available to become a replacement swap provider or guarantor or co-obligor, as applicable.



## 6. SELLER RISKS

### ***Pensions Act 2004***

Under the Pensions Act 2004, a person that is 'connected with' or an 'associate of' an employer under an occupational pension scheme can be subject to either a contribution notice or a financial support direction. The Issuer may be treated as 'connected with' an employer under an occupational pension scheme which is within the YBS Group.

A contribution notice could be served on the Issuer if it was party to an act, or a deliberate failure to act, the main purpose or one of the main purposes of which was either (i) to prevent the recovery of the whole or any part of a debt which was, or might become, due from the employer under Section 75 of the Pensions Act 1995 or (ii) otherwise than in good faith, to prevent such a debt becoming due, to compromise or otherwise settle such a debt, or to reduce the amount of such a debt which would otherwise become due.

A financial support direction could be served on the Issuer where the employer is either a service company or insufficiently resourced. An employer is insufficiently resourced if the value of its resources is broadly less than 50 % of the pension scheme's deficit calculated on an annuity buy-out basis and there is a connected or associated person whose resources at least cover that difference. A financial support direction can only be served where the Pensions Regulator considers it is reasonable to do so, having regard to a number of factors.

If a contribution notice or financial support direction was to be served on the Issuer, this could adversely affect the interests of the Noteholders.

## 7. MACROECONOMIC AND MARKET RISKS

### ***Lack of liquidity in the secondary market may adversely affect the market value of the Class A Notes***

No assurance is provided that there is an active and liquid secondary market for the Class A Notes, and no assurance is provided that a secondary market for the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment for the life of the Notes. Any investor in the Notes must be prepared to hold their Notes for an indefinite period of time or until their Final Maturity Date or alternatively such investor may only be able to sell the Notes at a discount to the original purchase price of those Notes.

The secondary market for mortgage-backed securities has experienced disruptions as a result of economic conditions in the Eurozone (please see further "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" below). This has had a material adverse impact on the market value of mortgage-backed securities and resulted in the secondary market for mortgage-backed securities similar to the Class A Notes experiencing limited liquidity. In the future, limited liquidity in the secondary market may have an adverse effect on the market value of mortgage-backed securities, 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.

Whilst central bank schemes such as the Bank of England's Discount Window Facility and the Sterling Monetary Framework and the European Central Bank's liquidity scheme provide an important source of liquidity in respect of eligible securities, further restrictions in respect of the relevant eligibility criteria for eligible collateral in the future are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities. Recognition of any of the Notes as eligible securities for the purposes of any of the liquidity schemes being operated by the Bank of England or the European Central Bank will depend upon satisfaction of the relevant eligibility criteria. None of the Issuer, the Note Trustee, the Security Trustee, the Seller, the Arranger or the Joint Lead Managers gives any

representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements for any liquidity facility operated by the Bank of England or the European Central Bank and be recognised as eligible collateral for the purposes of such liquidity schemes or whether any funding hair-cut will be applied. 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 the purposes of such liquidity scheme operated by the Bank of England or the European Central Bank and as to whether any funding hair-cut applies.

The Class Z VFN will not be listed.

***The market continues to develop in relation to risk free rates (including overnight rates) as reference rates in the capital markets***

Investors should be aware that the market continues to develop in relation to the Sterling Overnight Index Average (**SONIA**) and Secured Overnight Financing Rate (**SOFR**) as a reference rates in the capital markets and its adoption as an alternative to interbank offered rates such as Sterling LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA or SOFR, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA over a designated term).

The market or a significant part thereof may adopt an application of SONIA or SOFR that differs significantly from that set out in the Conditions and used in relation to Notes that reference a SONIA rate or SOFR rate (as applicable) issued under this Prospectus. Equally in such circumstances it may be difficult for the Issuer to find any future required Interest Rate Swap Provider to properly hedge its interest rate exposures should the Interest Rate Swap Provider need to be replaced and the Notes at that time use an application of SONIA or SOFR (as applicable) that differs from products then prepared to be hedged by such swap providers. Interest on Notes which reference a SONIA rate or SOFR rate is only capable of being determined at the end of the relevant SONIA Observation Period or SOFR Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference a SONIA rate or SOFR rate to reliably estimate the amount of interest which will be payable on such Notes.

In addition, the manner of adoption or application of SONIA reference rates and/or SOFR reference rates in the bond markets may differ materially compared with the application and adoption of SONIA and/or SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates and SOFR 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 or SOFR.

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

***Changes or uncertainty in respect of interest rate benchmarks may affect the value, liquidity and payment of interest under the Notes***

Interest rates and other indices which are deemed to be "benchmarks", including SONIA or SOFR, are the subject of recent national, international and other regulatory reforms and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. 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.

The EU Benchmarks Regulation applies from 1 January 2018 in general, subject to certain transitional provisions. Certain requirements of the EU Benchmarks Regulation apply with respect to the provision of a

wide range of benchmarks (including SONIA or SOFR), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the EU Benchmarks Regulation, among other things, (i) requires 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) prevents 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). The UK Benchmarks Regulation among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed). The administrators of SONIA or SOFR are not currently required to obtain authorisation/registration and SONIA or SOFR do not fall within the scope of the EU Benchmarks Regulation or the UK Benchmarks Regulation by virtue of Article 2 of each of these regulations.

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark. More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

These reforms and other pressures may cause one or more interest rate benchmarks (including SONIA or SOFR) 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. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.

Based on the foregoing, investors should be aware that:

- (a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including SONIA or SOFR) 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 12.6(j) to change the SONIA rate on the Notes (other than the Class A1 Notes) and SOFR in respect of the Class A1 Notes to an alternative base rate under certain circumstances broadly related to SONIA or SOFR disruption or discontinuation, there can be no assurance that any such amendment or replacement 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, and whether or not an amendment is made under Condition 12.6(j) to change the SONIA rate on the Notes as described in paragraph (b) above, there can be no assurance that the applicable fall-back provisions under the Interest Rate Swap Agreement would operate so as to ensure that the base floating interest rate used to determine payments under the Interest Rate Swap Transaction is the same as that used to determine interest payments under the relevant Class of Notes, or that any such amendment made under Condition 12.6(j) would allow the

Interest Rate Swap Transaction to effectively mitigate interest rate risks on the relevant Class of Notes.

Investors should note the various circumstances under which a Base Rate Modification may be made, which are specified in Condition 12.6(j). As noted above, these events broadly relate to SONIA's or SOFR's disruption or discontinuation, but also include, *inter alia*, any public statements by the relevant administrator or its supervisor to that effect. In addition, a Base Rate Modification may also be made if the Cash Manager (on behalf of the Issuer) reasonably expects any of these events to occur within six months of the proposed effective date of such Base Rate Modification. A Base Rate Modification may also be made if an alternative means of calculating a SONIA-based or SOFR-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 12.6(j), which include, *inter alia*, a base rate utilised in a publicly-listed new issue of sterling-denominated asset-backed floating rate notes where the originator of the relevant assets is an affiliate of YBS or such other base rate as the Cash Manager (on behalf of the Issuer) reasonably determines. Investors should also note the negative consent requirements in relation to a Base Rate Modification (as to which, see "Meetings of Noteholders, Modification and Waivers" above).

When implementing any Base Rate Modification, neither the Note Trustee nor the Security Trustee shall consider the interests of the Noteholders, any other Secured Creditor or any other person, and the Note Trustee and the Security Trustee shall act and rely solely and without further investigation on any certificate (including, but not limited to, a Base Rate Modification Certificate) or other evidence (including, but not limited to, a Ratings Confirmation) provided to them by the Issuer or Cash Manager, as the case may be, pursuant to Condition 12.6(j) 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.

More generally, any of the above matters (including an amendment to change the SONIA rate or SOFR rate as described in paragraph (c) above) or any other significant change to the setting or existence of SONIA or SOFR 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 SOFR could result in adjustment to the Conditions, early redemption, delisting or other consequence in relation to the Notes. No assurance may be provided that relevant changes will not be made to SONIA or SOFR or any other relevant benchmark rate and/or that such benchmarks will continue to exist.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of the Notes in making any investment decision with respect to the Notes.

***The Secured Overnight Financing Rate used to calculate SOFR may be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in the Class A1 Notes***

The Secured Overnight Financing Rate is published by the Federal Reserve Bank of New York (the **Federal Reserve**) and is intended to be a broad measure of the cost of borrowing cash overnight collateralised by Treasury securities. The Federal Reserve reports that the Secured Overnight Financing Rate includes all trades in the Broad General Collateral Rate, plus bilateral Treasury repurchase agreement transactions cleared through the delivery-versus-payment service offered by the Fixed Income Clearing Corporation (the **FICC**), a subsidiary of the Depository Trust and Clearing Corporation (**DTCC**). The Secured Overnight Financing Rate is filtered by the Federal Reserve to remove a portion of the foregoing transactions considered to be "specials".

The Federal Reserve reports that the Secured Overnight Financing Rate is calculated as a volume-weighted median of transaction-level tri-party repurchase agreement data collected from The Bank of New York Mellon as well as General Collateral Finance repurchase agreement transaction data and data on bilateral Treasury repurchase transactions cleared through the FICC's delivery-versus-payment service. The Federal Reserve notes that it obtains information from DTCC Solutions LLC, an affiliate of DTCC. The Federal Reserve notes on its publication page for the Secured Overnight Financing Rate that use of the Secured Overnight Financing Rate is subject to important limitations and disclaimers, including that the Federal Reserve may alter the methods of calculation, publication schedule, rate revision practices or availability of the Secured Overnight Financing Rate at any time without notice.

Because the Secured Overnight Financing Rate is published by the Federal Reserve based on data received from other sources, the Issuer has no control over its determination, calculation or publication. There can be no guarantee that the Secured Overnight Financing Rate will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Class A1 Notes. If the manner in which the Secured Overnight Financing Rate is calculated is changed, that change may result in a reduction of the amount of interest payable on Class A1 Notes (following the Step-Up Date) and the trading prices of such Class A1 Notes. If the rate at which interest on Class A1 Notes (following the Step-Up Date) accrues on any day declines to zero or becomes negative, no interest will be payable on such Class A1 Notes in respect of that day.

The Federal Reserve began to publish the Secured Overnight Financing Rate in April 2018. The Federal Reserve has also begun publishing historical indicative Secured Overnight Financing Rates going back to 2014. Investors should not rely on any historical changes or trends in the Secured Overnight Financing Rate as an indicator of future changes in the Secured Overnight Financing Rate. Also, since the Secured Overnight Financing Rate is a relatively new market index, Class A1 Notes will likely have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to the Secured Overnight Financing Rate, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of Class A1 Notes may be lower than those of later-issued indexed debt securities as a result. Similarly, if the Secured Overnight Financing Rate does not prove to be widely used in securities like the Class A1 Notes, the trading price of such Class A1 Notes may be lower than those of bonds linked to indices that are more widely used. Investors in Class A1 Notes may not be able to sell such Class A1 Notes at all or may not be able to sell such Class A1 Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

***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***

The United Kingdom (UK) left the European Union (EU) on 31 January 2020 at 11pm and the transition period ended on 31 December 2020 at 11pm. Therefore, the Treaty on the European Union and the Treaty on the Functioning of the European Union have ceased to apply to the UK. The European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) and secondary legislation made under it ensure there is a functioning statute book in the UK.

On 24 December 2020, an agreement in principle was reached in relation to the EU-UK Trade and Cooperation Agreement (the **Trade and Cooperation Agreement**) to govern the future relations between the EU and the UK following the end of the transition period. The Trade and Cooperation Agreement was signed on 30 December 2020. The Trade and Cooperation Agreement has provisional application until the EU and the UK complete their ratification procedures. The consent of the European Parliament is required before the Council of the European Union can conclude the Trade and Cooperation Agreement. At the

request of the EU, the provisional application has been extended from 28 February 2021 to 30 April 2021 to allow time for legal-linguistic revision.

Prospective investors should also note that the regulatory treatment, including the availability of any preferential regulatory treatment, of the Notes may be affected (as to which, please refer to the risk factor entitled "UK Securitisation Regulation and EU Securitisation Regulation").

It is difficult to determine what the precise impact of the new relationship between the UK and the EU will be on general economic conditions in the UK, including any implications for the UK sovereign ratings, ratings of the Notes and the relevant Transaction Parties, and the performance of the UK housing market (including the Portfolio). In addition, following the UK's withdrawal from the EU, future UK political developments and/or any changes in government structure and policies could affect the fiscal, monetary and regulatory landscape. 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.

In addition to the economic and market uncertainty this brings (see "*Market uncertainty*" below) there are a number of potential risks in relation to an investment in the Notes that Noteholders should consider:

#### *Legal uncertainty*

A significant proportion of English law was derived from or was designed to operate in concert with EU law. This is especially true of the law relating to financial markets, financial services, prudential and conduct regulation of financial institutions, bank recovery and resolution, payment services and systems, settlement finality, and market infrastructure.

The UK incorporated most of the existing EU law *acquis* into UK law at the end of the transition period following its exit from the EU, with the intention of limiting immediate legal change. The EUWA also grants the UK Government wide powers to make secondary legislation in order to, among other things, adapt retained EU law that would otherwise not function sensibly once the UK left the EU with minimal parliamentary scrutiny. The secondary legislation made under those powers would be able to do anything that could be done by an act of Parliament. Over time, however significant changes to English law in areas relevant to the transaction and the Transaction Parties are likely. The Issuer cannot predict what any such changes will be and how they may affect payments of principal and interest to the Noteholders. Noteholders should, however, note that payments due under the Notes may be negatively affected by such changes to English law.

#### *Regulatory uncertainty*

The UK's exit from the EU may also have a significant impact on how financial institutions from the remaining EU (the **EU27**) with assets (including branches) in the UK will be regulated and vice versa. EU single market regulation allows regulated financial institutions (including credit institutions, investment firms, alternative investment fund managers, insurance and reinsurance undertakings) to benefit from a passporting system for regulatory authorisations required to conduct their businesses, as well as facilitating mutual rights of access to important elements of market infrastructure such as payment and settlement systems. EU law is also the framework for mutual recognition of bank recovery and resolution regimes.

Following the end of the implementation period, the previous passporting system is no longer effective, nor are the mutual rights of access to market infrastructure and arrangements for mutual recognition of bank recovery and resolution regimes that previously existed. The ability of regulated financial institutions to continue to do business between the UK and the EU27 remains subject to separate arrangements between the UK and the EU27. The UK Government has taken various steps to mitigate any disruption that has resulted following the UK's departure from the EU, including the creation of a temporary permissions regime

which allows EU27 firms that previously relied on passporting rights to continue their activities in the UK for up to three years after the UK left the EU and a more limited run-off regime intended to address contract continuity issues. Nevertheless, regulatory uncertainty remains, which could adversely impact the ability of third parties who are regulated financial institutions to provide services to the Issuer and the transaction, including the Cash Manager, the Interest Rate Swap Provider and the Currency Swap Provider, which may adversely affect the performance of the Notes.

#### *Market uncertainty*

Since the UK voted to leave the EU on 23 June 2016 (the **Brexit Vote**), there has been volatility and disruption of the capital, currency and credit markets, including the market for asset-backed securities. Potential investors should be aware that these prevailing market conditions affecting asset-backed securities could lead to reductions in the market value and/or a severe lack of liquidity in the secondary market for instruments similar to the Notes. Such falls in market value and/or lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the securitised portfolio.

The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there would be an increase in the market value and/or there will be a more liquid market for the Notes and instruments similar to that of the Notes at that time.

#### *Counterparty risk*

Counterparties to the Transaction Documents may be unable to perform their obligations due to changes in regulation, including the loss of existing regulatory rights to do cross-border business. Additionally, they may be adversely affected by rating actions or volatile and illiquid markets (including currency markets and bank funding markets) arising from the UK's withdrawal from the EU. As a result, there is an increased risk of such counterparties becoming unable to fulfil their obligations which could have an adverse impact on their ability to provide services to the Issuer and accordingly, on the ability of the Issuer to make payments of interest and repayments of principal to the Noteholders.

#### *Adverse economic conditions affecting Borrowers*

The uncertainty and market disruption arising from the UK's withdrawal from the EU may cause investment decisions to be delayed, reduce job security and damage consumer confidence. The resulting adverse economic conditions may affect the Borrower's willingness or ability to meet their obligations, resulting in increased defaults in the Portfolio and may ultimately affect the ability of the Issuer to pay interest and repay principal to Noteholders.

#### *Break-up of the UK*

The EU withdrawal process has also caused increased constitutional tension within the UK. Majorities of voters in both Scotland and Northern Ireland voted to remain in the EU. Leading figures in both Scotland and Northern Ireland suggested that they had a mandate from their voters to remain in the EU and might seek to leave the UK in order to achieve that outcome. In particular, there is continuing tension concerning the future of Scotland in the United Kingdom and whether or not a further referendum on the departure of Scotland from the United Kingdom may take place. The border between Northern Ireland and the Republic of Ireland was a particularly difficult and contentious issue in the withdrawal negotiations. The Issuer cannot predict the outcome of this continuing constitutional tension or how the potential future departure of Scotland and/or Northern Ireland from the UK would affect the Transaction and the ability of the Issuer to pay interest and repay principal to Noteholders.

#### *Rating actions*

The Brexit Vote has resulted in rating downgrades of the UK sovereign and the Bank of England by S&P, Fitch and Moody's. The rating of the sovereign affects the ratings of entities operating in its territory, and in particular the ratings of financial institutions. Further downgrades may cause downgrades to counterparties to the Transaction Documents meaning that they will cease to have the relevant required ratings to fulfil their roles and need to be replaced. If rating action is widespread, it may become difficult or impossible to replace counterparties on the Transaction with others who have the required ratings on similar terms or at all.

Moreover, a more pessimistic economic outlook for the UK in general could lead to increased concerns around the future performance of the Portfolio and accordingly the ability of the Issuer to pay interest and repay principal to Noteholders and the ratings assigned to the Notes on the Closing Date could be adversely affected.

While the extent and impact of these issues are unknown, Noteholders should be aware that they could have an adverse impact on Noteholders and the payment of interest and repayment of principal on the Notes.

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

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. Furthermore, where the reversionary rate is the current Standard Variable Rate, in the Seller's mortgage terms, the reversionary rate for Borrowers reaching the end of their fixed periods may be lower than prevailing market rates. This would mean that it is less likely that they will refinance. These events, alone or in combination, may contribute to higher delinquency rates, slower prepayment speeds and higher losses which could have an adverse effect on the Issuer's ability to make payments under the Notes.

***Ratings of the Class A Notes and confirmation of ratings***

The ratings assigned to the Class A Notes by each Rating Agency are based, among other things, on the terms of the Transaction Documents and other relevant structural features of this transaction, including (but not limited to) the short-term and/or long-term unsecured, unguaranteed and unsubordinated debt ratings or issuer default ratings of the Interest Rate Swap Provider, the Currency Swap Provider, the Servicer, the GIC Provider, the Account Bank and the Collateral Account Bank, and a credit assessment of the Loans, and reflect only the views of the Rating Agencies. The ratings address the expected loss posed to investors by the Final Maturity Date and consider the likelihood of timely payment to the Class A Noteholders of interest on each Interest Payment Date and ultimate payment of principal on the Final Maturity Date of the Class A Notes.

The expected ratings of the Class A Notes assigned on the Closing Date are set out in the section entitled "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 organisation if, in its judgement, circumstances (including, without limitation, a reduction in the credit rating of the Interest Rate Swap Provider and/or the Currency Swap Provider and/or the GIC Provider and/or the Account Bank and/or the Collateral Account Bank) in the future so warrant. See also "Change of Counterparties" above.

There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in or unavailability of information or if, in the judgement of the Rating Agencies, circumstances so warrant. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the value of the Class A Notes.



Agencies other than the Rating Agencies could seek to rate the Class A Notes and, if such unsolicited ratings are lower than the comparable ratings assigned to the Class A Notes by the Rating Agencies, those shadow ratings could have an adverse effect on the value of the Class A Notes (see "The issuance of unsolicited ratings on the Class A Notes could adversely affect the market value and/or liquidity of the Class A Notes" below).

For the avoidance of doubt and unless the context otherwise requires, any references to **ratings** or **rating** in this Prospectus are to ratings assigned by the specified Rating Agency only. The Class Z VFN will not be rated by the Rating Agencies.

***The issuance of unsolicited ratings on the Class A Notes could adversely affect the market value and/or liquidity of the Class A Notes***

Credit rating agencies that have not been engaged to rate the Class A Notes by the Issuer may issue unsolicited credit ratings on the Class A Notes at any time, in each case relying on information they receive pursuant to Rule 17g-5 under the Exchange Act, or otherwise. Any unsolicited ratings in respect of the Class A Notes may differ from the ratings expected to be assigned by Fitch and Moody's and may not be reflected in this Prospectus. Issuance of an unsolicited rating which is lower than the ratings assigned by Fitch and Moody's in respect of the Class A Notes may adversely affect the regulatory characteristics, market value and/or the liquidity of the Class A Notes. Although unsolicited ratings may be issued by any rating agency, a rating agency might be more likely to issue an unsolicited rating if it was not selected after having provided preliminary feedback to the Issuer.

The Issuer has engaged Moody's and Fitch to rate the Class A Notes. There can be no assurance that, were the Issuer to select other rating agencies to rate the Class A Notes, the ratings that such rating agencies would have ultimately assigned to the Class A Notes would be equivalent to those assigned by Moody's or Fitch, as applicable. Neither the Issuer, the Seller nor any other person or entity will have any duty to notify Class A Noteholders if any other NRSRO issues, or delivers notice of its intention to issue, unsolicited ratings on the Class A Notes after the Closing Date. Furthermore, the SEC may determine that one or more of the rating agencies engaged by the Issuer no longer qualifies as a NRSRO, or is no longer qualified to rate the Class A Notes, and that determination could adversely affect the regulatory characteristics or market value of the Class A Notes and/or limit an investor's ability to sell its holding of, or interest in, the Class A Notes.

***Termination of the original Currency Swap Agreement – payments of principal in respect of the Class A1 Notes***

Prior to the delivery of a Note Acceleration Notice, the allocation of Available Principal Receipts, if any, towards the redemption of the Class A1 Notes is determined by reference to the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes (as per Condition 7.2 (Mandatory Redemption)). An allocation based on the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes means that the proportion of Available Principal Receipts allocated to the Class A1 Notes is not affected by the termination of the original Currency Swap Agreement or the terms of any replacement Currency Swap Agreement entered into with respect to the Class A1 Notes.

Under this allocation arrangement, the risk of any reduction in principal amounts available to make payments in respect of the Class A1 Notes on any Interest Payment Date following the termination of the original Currency Swap Agreement because (a) a replacement Currency Swap Agreement is not in place and the applicable Spot Rate is less favourable to the Issuer than the Original Exchange Rate or (b) the replacement exchange rate in respect of any replacement Currency Swap Agreement is less favourable to the Issuer than the Original Exchange Rate is, prior to the delivery of a Note Acceleration Notice, borne by the Class A1 Noteholders.

If the original Currency Swap Agreement is terminated (and irrespective of whether a replacement Currency Swap Agreement is in force), prior to the delivery of a Note Acceleration Notice, on any Interest Payment Date falling on or following the Class A1 Sterling Equivalent Redemption Date, following the application of any amounts held in the Swap Excess Reserve Account towards the redemption of the Class A1 Notes, any remaining Principal Amount Outstanding of the Class A1 Notes (being the Principal Shortfall Amounts) will only be paid subject to and in accordance with item (d) of the Pre-Acceleration Principal Priority of Payments.

Following the delivery of a Note Acceleration Notice (which constitutes a termination event under the original Currency Swap Agreement), any remaining Principal Amount Outstanding of the Class A1 Notes will rank *pari passu* with amounts payable in respect of any other Class A Notes in accordance with item (e) of the Post-Acceleration Priority of Payments. Available amounts in accordance with the Post-Acceleration Priority of Payments will be allocated on a *pro rata* basis by reference to the respective Sterling Equivalent Principal Amount Outstanding of such Notes determined using the applicable prevailing Spot Rate.

An allocation on this basis means that the proportion of funds allocated to the Class A1 Notes, the Class A2 Notes and the Class A3 Notes will be affected by variations in the prevailing Spot Rate. If the prevailing Spot Rate is less favourable to the Issuer than the Original Exchange Rate or a previous Spot Rate, then the Class A1 Notes will be allocated a greater proportion of the available amounts applied towards the redemption of the Notes in accordance with the Post-Acceleration Priority of Payments.

### **Scottish Income Tax**

The UK Government devolved to the Scottish Parliament additional legislative powers previously reserved to the UK Parliament under the Scotland Act 2016 which came into force on 23 March 2016 and which devolved, among other things, 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. While 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 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 Loans originated in Scotland which, in turn, may adversely affect the ability of the Issuer to make payments under the Notes.

## **8. LEGAL AND REGULATORY RISKS**

### **Change of Law**

The transactions described in this Prospectus (including the issue of the Notes) and the ratings which are to be assigned to the Class A Notes are based on the law and administrative practice in effect as at the date of this Prospectus as it affects the parties to the transaction and 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), administrative 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 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.

### ***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 a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory position for 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 none of the Issuer, the Arranger or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the date of purchase or at any time in the future.

In particular, investors should note that the Basel Committee on Banking Supervision (**BCBS**) has approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly 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), including certain revisions to the securitisation framework. 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.

In addition, investors should be aware of the UK and EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future (please see further "Regulatory Requirements –UK Securitisation Regulation and EU Securitisation Regulation" below), in respect of various types of UK and EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Among other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. With respect to the commitment of YBS to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer (or YBS in its capacity as the Servicer or the Cash Manager on the Issuer's behalf), please see the statements set out in "Regulatory Requirements". Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Seller, YBS (in its capacity as the Servicer or the Cash Manager), the Arranger nor the Joint Lead Managers makes any representation that the information described above is sufficient in all circumstances for such purposes. For information on U.S. Credit Risk Retention Requirements, see "The Dodd-Frank Wall Street Reform and Consumer Protection Act" below and "Regulatory Requirements – U.S. Credit Risk Retention".

## *UK Securitisation Regulation and EU Securitisation Regulation*

The EU Securitisation Regulation applies in general (subject to certain grandfathering) from 1 January 2019. However, some legislative measures necessary for the full implementation of the EU Securitisation Regulation regime have not yet been finalised and compliance with certain requirements is subject to the application of transitional provisions. Moreover, it is expected that in Q1 2021 the EU Securitisation Regulation regime will be amended as a result of the legislative proposals by the European Commission of July 2020 (relating to the introduction of a regulatory regime for balance sheet synthetic STS securitisations and changes aimed at addressing regulatory obstacles affecting securitisation of non-performing exposures) and further amendments are expected as a result of the wider review of the EU Securitisation Regulation regime by 1 January 2022, which review may be accompanied by further legislative proposals.

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

The EU 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.

The UK Securitisation Regulation (which on the Closing Date largely mirrors, with some adjustments, the EU Securitisation Regulation) has applied in the UK (subject to the temporary transitional relief being available in certain areas) from the end of the transition period in the Brexit process at the start of 2021.

The EU Securitisation Regulation and/or the UK Securitisation Regulation requirements will apply to the Notes. As such, certain EU-regulated institutional investors or UK-regulated institutional investors, which include relevant credit institutions, investment firms, authorised alternative investment fund managers, insurance and reinsurance undertakings, certain undertakings for the collective investment of transferable securities and certain regulated pension funds (institutions for occupational retirement provision), are required to comply under Article 5 of the EU Securitisation Regulation or Article 5 of the UK Securitisation Regulation, as applicable, 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 under their respective EU or UK regime certain matters with respect to compliance of the relevant transaction parties with credit granting standards, risk retention and transparency requirements. If the relevant European- or UK-regulated institutional investor elects to acquire or holds the Notes having failed to comply with one or more of these requirements, as applicable to them under their respective EU or UK regime, 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 EU Securitisation Regulation and the UK Securitisation Regulation and what is or will be required to demonstrate compliance to national regulators remain unclear, and it should be noted that under the UK Securitisation Regulation regime certain temporary transitional relief may be available until 31 March 2022 for the purposes of compliance with the UK institutional investor due diligence requirements. Prospective investors should therefore make themselves aware of the requirements applicable to them in their respective jurisdictions 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 EU Securitisation Regulation (and any corresponding national measures which may be relevant) or the UK Securitisation Regulation.

With regard to the transparency requirements set out in Article 7 of the UK Securitisation Regulation, each of YBS in its capacity as originator and the Issuer (as the designated entity under Article 7(2) of the UK Securitisation Regulation) has certain direct obligations imposed upon it. Should YBS or the Issuer not comply with the direct obligations under Article 7 of the UK Securitisation Regulation, YBS or the Issuer could face certain regulatory issues, inclusive of fines and pecuniary sanctions, which may impact on YBS' and the Issuer's ability to perform their respective functions under the Transaction Documents, including the

Issuer's obligations under the Notes. Investors should note that failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the Notes acquired by the relevant investor. Under the Servicing Agreement, the Servicer will indemnify the Issuer for any such fines or penalties imposed by the regulator to the extent such fines or penalties were imposed as a result of its direct act, omission or negligence. To the extent that the Issuer is not indemnified, such fines and penalties will be paid in accordance with the relevant Priorities of Payments.

With respect to the commitment of the Seller to retain a material net economic interest in the securitisation pursuant to Article 6 of the UK Securitisation Regulation and Article 6 of the EU Securitisation Regulation (as if it were applicable to it and as in force on the Closing Date) (which does not take into account any relevant national measures) and with respect to the information to be made available by the Issuer (or by the Servicer on the Issuer's behalf), please see the statements set out in "*Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes*". Relevant investors are required to assess independently and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements. None of the Issuer, the Arranger, any Joint Lead Manager, the Seller or any of the other transaction parties makes any representation that the information described above is sufficient for such purposes. Various parties to the securitisation transaction described in this Prospectus (including YBS and the Issuer) are also subject to the requirements of the UK Securitisation Regulation. However, some uncertainty remains in relation to the interpretation of some of these requirements and what is or will be required to demonstrate compliance to the relevant UK regulators. Prospective investors 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 UK Securitisation Regulation or Article 7 of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date) will be adequate for any prospective institutional investors to comply with their due diligence obligations under the UK Securitisation Regulation or the EU Securitisation Regulation, as applicable. Prospective investors should also note that YBS will not be obliged to comply with Article 6 of the EU Securitisation Regulation (as if it were applicable to it and as in force on the Closing Date) should there be any amendments to the EU Securitisation Regulation following the Closing Date.

The UK Retention Requirement and EU Retention Requirement, the associated due diligence requirements described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors (including potential amendments to the EU Securitisation Regulation following the Closing Date) may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

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

#### *Simple, Transparent and Standardised Securitisations and UK STS Designation*

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

The UK STS securitisation designation impacts on the potential ability of the Notes to achieve better or more flexible regulatory treatment from the perspective of the applicable UK regulatory regimes, such as the prudential regulation of UK CRR firms and UK Solvency II firms, and from the perspective of the UK EMIR regime, as to which investors are referred to the risk factor entitled "*UK EMIR*".

It is intended that a UK STS Notification will be submitted to the FCA by YBS, as originator. The UK STS Notification, once notified to the FCA, will be available for download on the FCA STS Register website.

YBS and the Issuer have used the services of PCS UK to carry out the UK STS Verification and UK STS Additional Assessments. It is expected that the UK STS Verification and the UK STS Additional Assessments prepared by PCS UK will be available on its website at (<https://www.pcsmarket.org/sts-verification-transactions/>). For the avoidance of doubt, the website of PCS UK and the contents of that website do not form part of this Prospectus.

However, no assurance can be given that the Notes will, on the Closing Date, be compliant and thereafter remain compliant, because the UK STS Requirements may change over time. In addition, no assurance can be given on how the FCA will interpret and apply the UK STS Requirements or other related regulations such as the Regulation (EU) No. 575/2013 as it forms part of domestic law of the United Kingdom by virtue of EUWA (**UK CRR Regulation**) as amended by Regulation (EU) 2017/2401 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the UK CRR Amendment Regulation) and the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 (supplementing Regulation (EU) 575/2013 with regard to the Liquidity Coverage Requirement for Credit Institutions, as amended) as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the **UK LCR Regulation**), and what is or will be required to demonstrate compliance to national regulators remains unclear, any international or national regulatory guidance may be subject to change and, therefore, what is or will be required to demonstrate compliance with the UK STS Requirements to national regulators remains unclear.

It is important to note that the involvement of PCS UK is not mandatory and the responsibility for compliance with the UK Securitisation Regulation (or, if applicable, the EU Securitisation Regulation) remains with the relevant institutional investors, originators, sponsors and issuers, as applicable in each case. A UK STS Verification (and/or UK STS Additional Assessments) will not absolve such entities from making their own assessments with respect to the UK Securitisation Regulation (or, if applicable the EU Securitisation Regulation) and other relevant regulatory provisions, and an UK STS Verification (and/or UK STS Additional Assessments) cannot be relied on to determine compliance with the foregoing regulations in the absence of such assessments by the relevant entities.

The transaction does not (and will not) fall within the simple, transparent and standardised regime of the EU Securitisation Regulation.

#### *The Dodd-Frank Wall Street Reform and Consumer Protection Act*

Legislation and regulations adopted by the United States federal government following the financial crisis continue to create uncertainty in the credit and other financial markets. These actions include, but are not limited to, the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the **Dodd-Frank Act**) and the adoption of its related regulations, which imposed a new regulatory framework over the U.S. financial services industry and the U.S. consumer credit markets in general. In addition, there is also uncertainty regarding the nature and timing of additional regulations that are required under the Dodd-Frank Act but have yet to be promulgated. Given the broad scope and sweeping nature of these changes and the fact that final implementing rules and regulations have not yet, in certain cases, been enacted or come into effect, the potential impact of these actions on the Issuer, any of the Notes or any owners of interests in the Notes is unknown, and no assurance can be made that the impact of such changes would not have a material adverse effect on the prospects of the Issuer or the value or marketability of the Notes. In particular, if existing transactions are not exempted from any such new rules or regulations, the costs of compliance with such rules and regulations could have a material adverse effect on the Issuer and the Noteholders.

Pursuant to the Dodd-Frank Act, the Commodity Futures Trading Commission and the prudential regulators have each promulgated a range of recent regulatory requirements that may affect the pricing, terms and compliance costs associated with the entry into of any swap transaction by the Issuer and the availability of such swap transactions, including the Interest Rate Swap Transaction and the Currency Swap Transaction. Some or all of the swap transactions that the Issuer may enter into may be affected by (i) the requirement

that certain transactions be centrally cleared and in some cases traded on a designated contract market or swap execution facility, (ii) initial and variation margin requirements of any central clearing organisation (with respect to cleared swaps) or initial or variation requirements as may otherwise be required with respect to uncleared transactions, (iii) recordkeeping obligations, and other matters. These requirements may significantly increase the cost to the Issuer of entering into any swap transactions, including the Interest Rate Swap Transaction and the Currency Swap Transaction, resulting in a material adverse effect on the Issuer and the Noteholders.

#### *Volcker Rule*

The Volcker Rule generally prohibits "banking entities" (broadly defined to include U.S. banks, bank holding companies and foreign banking organisations, 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, subject to certain exceptions and exclusions.

There is limited interpretive guidance regarding the Volcker Rule, and implementation of the regulatory framework for the Volcker Rule is still evolving. The Volcker Rule's prohibitions and lack of interpretive guidance could negatively impact the liquidity and value of the Notes. Any entity that is a "banking entity" as defined under the Volcker Rule and is considering an investment in the Notes should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally. Each prospective investor must determine for itself whether it is a banking entity subject to regulation under the Volcker Rule. None of the Issuer, the Arranger, the Joint Lead Managers or any other person makes any representation to any prospective investor regarding the application of the Volcker Rule to the Issuer or to such prospective investor's investment in the Notes, as of the date hereof or at any time in the future.

See "Regulatory Requirements – Volcker Rule Considerations" for information on the Issuer's status under the Volcker Rule. Any prospective investor in any Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding the application and effect of the Volcker Rule.

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

In the U.S., on 21 October 2014, the Federal Deposit Insurance Corporation (the **FDIC**), the Federal Housing Finance Agency (the **FHFA**) and the Office of the Comptroller of the Currency (the **OCC**) adopted a final rule implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act for asset-backed securities (the **U.S. Credit Risk Retention Requirements**). The following day, the Board of Governors of the Federal Reserve System, the U.S. Securities and Exchange Commission (the **SEC**) and the Department of Housing and Urban Development (collectively with the FDIC, FHFA and OCC, the **Joint Regulators**) adopted the U.S. Credit Risk Retention Requirements. As required by the Dodd-Frank Act, the U.S. Credit Risk Retention Requirements generally require the "sponsor" of a securitisation transaction to retain not less than 5% of the credit risk of the assets collateralising the issuance of "asset-backed securities" and generally prohibit a "sponsor" from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the "sponsor" is required to retain. The U.S. Credit Risk Retention Requirements became effective for residential mortgage-backed securities on 24 December 2015. As described under Regulatory Requirements – U.S. Credit Risk Retention Requirements, YBS will comply with this requirement by acquiring and retaining an EVI equal to a minimum of 5% of the aggregate ABS interests (as defined in the U.S. Credit Risk Retention Requirements) issued by the Issuer being, cumulatively, the Principal Amount Outstanding of each Class of Notes plus any Deferred Consideration payable to the Seller. If YBS fails to retain credit risk in accordance with the U.S. Credit Risk Retention Requirements, the value and liquidity of the Notes may be adversely impacted. See "Regulatory Requirements – U.S. Credit Risk Retention Requirements" in this Prospectus for further information.

Prospective investors should make themselves aware of the changes and requirements described under the headings above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

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

The Banking Act 2009 (the **Banking Act**) includes provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of 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. Relevant transaction parties for these purposes include YBS in its various capacities and the Seller.

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. In respect of UK building societies, the relevant tools include (i) modified property transfer powers which also refer to cancellation of shares and conferring rights and liabilities in place of such shares, (ii) modified share transfer powers as well as a public ownership tool which may involve (amongst other things) arranging for deferred shares in a building society to be publicly owned, cancellation of private membership rights and the eventual winding up or dissolution of the building society and (iii) modified bail-in powers such that exercise of the tool may be immediately preceded by the demutualisation of the building society through the conversion of it into a company or the transfer of all of the property, rights or liabilities of the building society to a company. It is possible that the 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 action may (amongst other things) affect the ability of such entities to satisfy their 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 in 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, subject to certain conditions, powers would apply to require a relevant instrument or order (and related events) to be disregarded in determining whether certain widely defined "default events" have occurred (which events may include trigger events included in the Transaction Documents in respect of the relevant entity, including



termination events and (in the case of the Seller) trigger events in respect of perfection of legal title to the Loans). 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.

As noted above, the stabilisation tools may be used in respect of certain banking group companies provided certain conditions are met. If the Issuer was regarded to be a banking group company and no exclusion applied, then it would be possible in certain scenarios for the relevant authority to exercise one or more relevant stabilisation tools (including the property transfer powers and/or the bail-in powers) in respect of it, which could result in reduced amounts being available to make payments in respect of the Notes and/or in the modification, cancellation or conversion of any unsecured portion of the liability of the Issuer under the Notes at the relevant time. In this regard, it should be noted that the UK authorities have provided an exclusion for certain securitisation companies, which exclusion is expected to extend to the Issuer, although aspects of the relevant provisions are not entirely clear.

If the bail-in powers were used in respect of a building society (such as YBS), then pursuant to Section 84D of the Banking Act, a banking group company is defined for the purposes of such powers to be a "subsidiary" of the relevant building society (or any successor company where demutualisation has taken place). The term "subsidiary" is not defined for these purposes. As a result, it is not clear whether or not the Issuer would be regarded to be a subsidiary and, as a result, whether the bail-in powers could be used in respect of any unsecured liabilities of it. However, we would note that membership, control and/or voting rights are common features of a parent-subsidiary relationship, and neither YBS nor the Seller is a member of the Issuer and they do not hold or control any voting rights in the Issuer. As a result the Notes would not be eligible liabilities in respect of which the bail-in tool may be used if the security is sufficient to secure the Notes at the relevant time.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of YBS and the Seller referred to above and there has been no indication that any such instrument or order will be made, 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 Banking Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred.

### ***Withholding Tax Under the Notes***

Provided that the Class A Notes are and continue to be "listed on a recognised stock exchange" (within the meaning of Section 1005 of the Income Tax Act 2007 (the **ITA**) for the purposes of section 987 of the ITA), as at the date of this Prospectus, no withholding or deduction for or on account of United Kingdom income tax will be required on payments of interest on the Class A Notes. However, there can be no assurance that the law in this area will not change during the life of the Class A Notes.

In the event that any withholding or deduction for or on account of any taxes is imposed in respect of payments to Noteholders of any amounts due under the Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of such withholding or deduction. However, in such circumstances, the Issuer will, in accordance with Condition 7.5 (Optional Redemption of the Class A Notes for Taxation or Other Reasons) of the Notes, if it would avoid the effect of such withholding, appoint a paying agent in another jurisdiction or use reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee.

The applicability of any withholding or deduction for or on account of United Kingdom tax on payment of interest is discussed further under "Taxation – United Kingdom Taxation".

## **U.S. Tax Characterisation of the Notes**

The Issuer has agreed and, by its acceptance of a Class A Note, each holder (and any beneficial owners of any interest therein) will be deemed to have agreed, to treat the Class A Note as debt of the Issuer for U.S. federal income tax purposes, except as otherwise required by applicable law and for certain limited purposes. The determination of whether a Class A Note will or should be treated as debt for U.S. federal income tax purposes is based on the facts and circumstances existing at the time the Class A Note is issued. Prospective investors should be aware that the classification of an instrument as debt or equity is highly factual, and there can be no assurance that the U.S. Internal Revenue Service will not seek to characterise any of the Class A Notes as something other than indebtedness. If any of the Class A Notes were treated as equity for U.S. federal income tax purposes, adverse U.S. federal income tax consequences might apply. See "Taxation – United States Federal Income Taxation – Characterisation of the Class A Notes".

## **UK EMIR and EU EMIR**

UK EMIR and EU EMIR (each as amended from time to time) prescribes a number of regulatory requirements for counterparties to derivatives contracts including: (i) a mandatory clearing obligation for specified classes of OTC derivatives contracts (the **Clearing Obligation**); (ii) collateral exchange, daily valuation and other risk mitigation requirements for OTC derivatives contracts that have not been declared subject to the Clearing Obligation (the **Risk Mitigation Requirements**); and (iii) certain reporting requirements. In general, the application of such regulatory requirements in respect of the Interest Rate Swap Transaction and the Currency Swap Transaction will depend on the classification of the counterparties to such derivative transaction.

Pursuant to UK EMIR and EU EMIR, counterparties can be classified as: (i) financial counterparties (**FCs**) (which includes a sub-category of small FCs (**SFCs**)); and (ii) non-financial counterparties (**NFCs**). The category of "NFC" is further split into: (A) non-financial counterparties whose trading exceeds the "clearing threshold" (**NFC+s**); and (B) non-financial counterparties whose trading falls below the "clearing threshold" (**NFC-s**). Whereas FCs and NFC+s may be subject to the relevant Clearing Obligation or, to the extent that the relevant types of derivatives transactions have not been declared subject to the Clearing Obligation, to the relevant collateral exchange obligation and the relevant daily valuation obligation under the Risk Mitigation Requirements, such obligations do not apply in respect of NFC-s.

The Issuer is currently an NFC- for the purposes of UK EMIR and a third country equivalent to an NFC- (a **TCE NFC-**) for the purposes of EU EMIR, although a change in its position cannot be ruled out and no assurances can be given that any future changes made to UK EMIR and/or EU EMIR would not cause the status of the Issuer to change and lead to some or all of the potentially adverse consequences outlined above. Should the status of the Issuer change to a NFC+ or FC for the purposes of UK EMIR and/or a third country equivalent to a NFC+ or FC (a **TCE NFC+** or a **TCE FC**), this may result in the application of the relevant Clearing Obligation or (more likely) the relevant collateral exchange obligation and the relevant daily valuation obligation under the Risk Mitigation Requirements as it seems unlikely that the Interest Rate Swap Transaction or the Currency Swap Transaction would be a relevant type of OTC derivative contract that would be subject to the Clearing Obligation under UK EMIR and EU EMIR.

It should also be noted that the relevant collateral exchange obligation should not apply in respect of the Interest Rate Swap Transaction or the Currency Swap Transaction where these transactions were entered into prior to the relevant application date unless such a swap is materially amended on or after that date. In respect of UK EMIR, it should also be noted that, given the intention to seek the UK STS designation for the Notes, should the status of the Issuer change to a NFC+ or FC, another exemption from the Clearing Obligation and a partial exemption from the collateral exchange obligation may be available for the Interest Rate Swap Transaction and/or the Currency Swap Transaction, provided the applicable conditions are satisfied. In respect of EU EMIR, the Notes (given they will not obtain EU STS designation) will not be able to

benefit from the equivalent exemption under EU EMIR should the status of the Issuer change to TCE NFC+ or TCE FC.

Prospective investors should note that there is some uncertainty with respect to the ability of the Issuer to comply with the relevant Clearing Obligation and the relevant collateral exchange obligation were they to be applicable, which may (i) lead to regulatory sanctions, (ii) adversely affect the ability of the Issuer to continue to be party to the Interest Rate Swap Transaction or the Currency Swap Transaction (possibly resulting in a restructuring or termination of the Interest Rate Swap Transaction or the Currency Swap Transaction) and/or (iii) significantly increase the cost of such arrangements, thereby negatively affecting the ability of the Issuer to hedge certain risks. As a result, the amounts available to the Issuer to meet its obligations may be reduced, which may in turn result in investors receiving less interest or principal than expected.

Investors should also be aware that the reporting requirements and other Risk Mitigation Requirements of UK EMIR and EU EMIR currently impose obligations on the Issuer (as an NFC- for the purposes of UK EMIR and as a TCE NFC- for the purposes of EU EMIR), to the extent it enters into derivative transactions.

Lastly, it should be noted that, as described under "– Risks Related to Changes to the Structure and Documents – Meetings of Noteholders, Modification and Waivers" above, UK EMIR-related amendments and/or EU EMIR- related amendments may be made to the transaction documents and/or to the terms and conditions applying to Notes, subject to receipt by the Note Trustee and the Security Trustee of a certificate issued by (i) the Issuer or (ii) the Cash Manager on behalf of the Issuer certifying to the Note Trustee and the Security Trustee the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under UK EMIR and/or EU EMIR and have been drafted solely to that effect and subject to the fulfilment of certain conditions set out in Conditions 12.5 (Modification) and 12.6 (Additional Right of Modification).

## **9. RISKS RELATING TO THE ISSUER**

### ***Insolvency proceedings and subordination provisions***

There is uncertainty as to the validity and/or enforceability of a provision which, based on contractual (such as the contractual Priority of Payments as contemplated in this transaction) and/or trust principles, subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, several cases have focused on provisions involving the subordination of a swap counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so called "flip clauses"). Such provisions are similar in effect to the terms included in the Transaction Documents relating to the subordination of Interest Rate Swap Excluded Termination Amounts and Currency Swap Excluded Termination Amounts payable in respect of the Interest Rate Swap Transaction or the Currency Swap Transaction, as applicable, or any replacement swap transaction.

The English Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this, however, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. However, a subsequent 2016 U.S. Bankruptcy Court decision held that in certain circumstances flip clauses are protected under the U.S. Bankruptcy Code and therefore enforceable in bankruptcy. The 2016 decision was affirmed on 14 March 2018 by the U.S. District Court for the Southern District of New York, which 2018 decision was further affirmed on 11 August 2020 by the U.S. Court of Appeals for the Second Circuit. The implications of this conflicting judgment remain unresolved.

If a creditor of the Issuer or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the U.S.), and it is owed a payment by the Issuer, a

question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents (such as a provision of the Priority of Payment which refers to the ranking of a swap provider's payment rights in respect of Interest Rate Swap Excluded Termination Amounts or Currency Swap Excluded Termination Amounts). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to any replacement swap counterparty, depending on certain matters in respect of that entity.

In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Class A Noteholders, the market value of the Class A Notes and/or the ability of the Issuer to satisfy its obligations under the Class A Notes.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents include terms providing for the subordination of the Interest Rate Swap Excluded Termination Amounts and the Currency Swap Excluded Termination Amounts, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Class A Notes. If any rating assigned to the Class A Notes is lowered, the market value of the Class A Notes may reduce.

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

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes (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, Scottish insolvency laws (if applicable) 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, 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 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***

Pursuant to the terms of the Deed of Charge, the Issuer has purported to grant fixed charges in favour of the Security Trustee over, among other things, its interests in the Mortgages and their respective Related Security, the Issuer's interest in its bank accounts maintained with the Account Bank and the Collateral Account Bank and the Issuer's interest in all Authorised Investments purchased from time to time.

The law in England and Wales relating to the characterisation of fixed charges is unsettled. There is a risk that a court could determine that the fixed charges purported to be granted by the Issuer 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 property for the security to be said to constitute fixed 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. Monies paid into accounts or derived from those assets could be diverted to pay preferential creditors and certain other liabilities were a receiver, liquidator or administrator to be appointed in respect of the relevant company in whose name the account is held.

Under Scots law, the concept of fixed charges taking effect as floating charges does not arise and accordingly there is no equivalent risk in relation to the Scottish Loans and their Related Security. It does however mean that, if a fixed charge over Scottish assets were not fully perfected, there is no "fall-back" position to a floating charge and so the floating charge created pursuant to the Deed of Charge would be the only route to enforcement.

### ***Liquidation expenses***

On 6 April 2008, a provision in the Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords' decision in the case of *Leyland Daf* in 2004. Accordingly, costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to rules 6.44 to 6.48 and rules 7.111 to 7.116 of the Insolvency (England and Wales) Rules 2016 (as amended) in the case of voluntary winding up and compulsory winding up by the court, respectively.

As a result of the changes described above, upon the enforcement of the floating charge security granted by the Issuer, floating charge realisations which would otherwise be available to satisfy the claims of the Secured Creditors under the Deed of Charge may be reduced by at least a significant proportion of any

liquidation or administration expenses. There can be no assurance that the Noteholders will not be adversely affected by such a reduction in floating charge realisations.

### ***UK Taxation Position of the Issuer***

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (as set out in the Taxation of Securitisation Companies Regulations 2006 (as amended) (SI 2006/3296)), and as such should be taxed only on the amount of its "retained profit" (as that term is defined in the UK Securitisation Regulation), for so long as it satisfies the conditions of the Securitisation Tax Regulations. However, if the Issuer does not satisfy the conditions to be taxed in accordance with the Securitisation Tax Regulations (or subsequently ceases to satisfy those conditions), then the Issuer may be subject to tax liabilities not contemplated in the cashflows 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.

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

### ***Book-Entry Interests***

The Class A Notes will be represented by Global Notes and recorded in book-entry form with DTC or Euroclear and Clearstream, Luxembourg (as applicable), and will not be held by the beneficial owners or their nominees. The Global Notes will not be registered in the names of the beneficial owners or their nominees. As a result, unless and until Class A Notes in definitive form are issued, beneficial owners will not be recognised by the Issuer or the Note Trustee as Noteholders, as that term is used in the Trust Deed. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of DTC or Euroclear and Clearstream, Luxembourg (as applicable) and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest to exercise any right of a Noteholder under the Trust Deed.

Payments of principal and interest on, and other amounts due in respect of, each Global Note will be made by the Principal Paying Agent to the order of DTC or Euroclear or Clearstream, Luxembourg (as applicable) or the respective nominee, as the registered holder of the Global Notes. Upon receipt of any payment from the relevant paying agent, DTC or Euroclear and Clearstream, Luxembourg (as applicable) or the respective nominee will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. DTC's practice is to credit its participants' accounts on the applicable interest payment date according to their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on that interest payment date. The Issuer expects that payments by participants or indirect payments to owners of 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 registered in a "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Note Trustee, the Security Trustee or any Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests. After payment to the Principal Paying Agent, the Issuer will not have responsibility or liability for the payment of interest, principal or other amounts in respect of the Class A Notes to DTC or Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of Book-Entry Interests.

Unlike Noteholders, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by or on behalf of the Issuer for consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from DTC or Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that

procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Notes, holders of Book-Entry Interests will be restricted to acting through DTC or Euroclear and Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the relevant provisions described herein under "Terms and Conditions of the Notes". There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of DTC, 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 Note Trustee, the Security Trustee, any Paying Agent or any of their agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

Certain transfers of Class A Notes or interests therein may only be effected in accordance with, and subject to, certain transfer restrictions and certification requirements. See "Transfer Restrictions and Investor Representations".

#### ***Definitive Notes and denominations in integral multiples***

The Class A1 Notes have a denomination consisting of a minimum authorised denomination of \$200,000 plus higher integral multiples of \$1,000 and the Class A2 Notes and the Class A3 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 each of the Class A 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 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 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 Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

#### ***Financial Services Compensation Scheme not applicable***

Any investment in the Notes does not have the status of a bank deposit in England and Wales and is not within the scope of the UK Financial Services Compensation Scheme and accordingly, the Notes will not confer any entitlement to compensation under that scheme. As such, the Notes are obligations of the Issuer only, and any potential investors should be aware that they will not be able to have recourse to the UK Financial Services Compensation Scheme in relation to an investment in the Notes.

## TRANSACTION OVERVIEW – PORTFOLIO AND SERVICING

*Please refer to the sections entitled "Characteristics of the Cut-Off Date Portfolio", "Summary of the Key Transaction Documents – Mortgage Sale Agreement" and "Summary of the Key Transaction Documents – Servicing Agreement" for further detail in respect of the characteristics of the Cut-Off Date Portfolio and the sale and the servicing arrangements in respect of the Portfolio.*

### **Sale of Portfolio:**

The primary source of funds available to the Issuer to pay interest and principal on the Notes will be the Revenue Receipts and Principal Receipts generated by the Loans in the Portfolio. Pursuant to the Mortgage Sale Agreement, the Seller will sell its interest in the Initial Portfolio to the Issuer on the Closing Date. On each Further Sale Date during the Further Sale Period, the Seller may (but is not obliged to) sell additional loans (the **Additional Loans**) and their Related Security to the Issuer subject to the satisfaction of certain conditions. While the beneficial interest in any Additional Loans will be transferred to the Issuer on the relevant Further Sale Date (which, in relation to Additional Loans which are Scottish Loans and their Related Security, will be effected by the Seller granting a further Scottish Declaration of Trust), the Issuer will pay for such Additional Loans and their Related Security on the Interest Payment Date immediately following such Further Sale Date using Available Principal Receipts (after making payments, on the Class A Notes to reduce the Principal Amount Outstanding of the Class A Notes by the relevant Class A Target Amortisation Amount on such Interest Payment Date). The sale by the Seller to the Issuer of each Loan in the Portfolio which is secured by a Mortgage over a Property located in England or Wales will be given effect by an equitable assignment or, in relation to each Loan in the Portfolio which is secured by a Mortgage over a Property located in Scotland, will be given effect by the creation of a beneficial interest under and pursuant to a Scottish Declaration of Trust. 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 a Scottish Declaration of Trust, as applicable. The terms **repurchase** and **repurchased** when used in this Prospectus in connection with the Loans and their Related Security shall be construed to include the repurchase by the Seller (or YBS or any of its subsidiaries) of the beneficial interest of the Issuer in respect of such Loans and their Related Security under the relevant Scottish Declaration of Trust and the release of such Loans and their Related Security therefrom.

Prior to the occurrence of a Perfection Event as set out below, notice of the sale of the Portfolio will not be given to the relevant individual or individuals specified as borrowers in the relevant loan and related mortgage together with the individual or individuals (if any) from time to time assuming an obligation to repay a relevant Loan or any part of it (the **Borrowers**) under those Loans transferred and the Issuer will not apply to the Land Registry or the Central Land Charges Registry to register or record its equitable or beneficial interest in the English Mortgages or take any steps to complete or perfect its title to the Scottish Mortgages.



## The Loans:

The **Portfolio** will consist of the Loans, the Related Security and all monies derived therein from time to time.

The term **Loans** when used in this Prospectus means the residential mortgage loans, secured by Mortgages and Related Security, in the Portfolio to be sold to the Issuer by the Seller (whether on the Closing Date or on a Further Sale Date during the Further Sale Period) together with, where the context so requires, each Further Advance (as defined in "Summary of the Key Transaction Documents – Mortgage Sale Agreement") sold to the Issuer by the Seller after the Closing Date (or the relevant Further Sale Date, as applicable) and any alteration to a Loan by the Seller pursuant to a Product Switch but excluding (for the avoidance of doubt) each Loan and its Related Security which is repurchased by the Seller (or YBS or any of its subsidiaries) pursuant to the Mortgage Sale Agreement or otherwise sold by the Issuer in accordance with the terms of the Transaction Documents and no longer beneficially owned by the Issuer. The term **English Loan** when used in this Prospectus means a Loan secured by an English Mortgage (as defined below) and other Related Security. The term **Scottish Loan** when used in this Prospectus means a Loan secured by a Scottish Mortgage (as defined below) and other Related Security or any Loan governed by Scottish law.

The term **Loan** when used in this Prospectus means a Loan secured by a Mortgage (as defined below) and other Related Security.

When used in this Prospectus:

**Business Day** means a day (other than a Saturday or Sunday) on which banks are open for business in London.

**Calculation Date** means the 9th of January, April, July and October of each year or if such day is not a Business Day, the next following Business Day.

**Collection Period** means the quarterly period commencing on and including the Collection Period Start Date and ending on but excluding the immediately following Collection Period Start Date except that the first Collection Period will commence on (and include) the Initial Portfolio Creation Date and end on but exclude the Collection Period Start Date falling in April 2021.

**Collection Period Start Date** means the 1st of January, April, July and October of each year.

The **Current Balance** of a Loan means, on any date, the aggregate balance of the Loan at such date (but avoiding double counting) including:

- (a) the original amount advanced to the relevant Borrower and any further amount (including any Further Advance) advanced on or before the given date to the relevant Borrower secured or intended to be secured by the related Mortgage;

- (b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been properly capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent and added to the amounts secured or intended to be secured by the related Mortgage; and
- (c) any other amount (including, for the avoidance of doubt, Accrued Interest and Arrears of Interest) on or before the given date which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent but which is secured or intended to be secured by the related Mortgage,

less any prepayment, repayment or payment of any of the foregoing made on or before that given date and excluding any retentions made but not released and any Further Advances committed to be made but not made by that given date.

As at the Closing Date, the Loans in the Portfolio will comprise Loans which pay interest based on:

- (a) discretionary rates of interest set by the Seller based on general interest rates and competitive forces in the UK mortgage market from time to time; and
- (b) fixed rates of interest or series of rates set for a fixed period or periods.

See "The Loans – Characteristics of the Loans" for a full description of the Loans.

If a Borrower ports a Loan comprised in the Portfolio, such Loan will be treated as a redemption and the principal element of such amount will be applied as Available Principal Receipts and the interest element of such amount will be applied as Available Revenue Receipts on the next Interest Payment Date.

**English Mortgage** means a first ranking legal charge secured over a freehold or leasehold or commonhold Property located in England or Wales.

**Further Sale Date** means any day on which Additional Loans are sold by the Seller to the Issuer, which such days may be the 10th calendar day of January, April, July, and October of each year during the Further Sale Period, or if such day is not a Business Day, the immediately following Business Day.

**Further Sale Period** means the period commencing on the Closing Date and ending on the occurrence of a Further Sale Period Termination Event.

**Further Sale Period Termination Event** means the occurrence of any one of the following events:

- (a) the Step-Up Date;
- (b) a Seller Insolvency Event or, to the extent YBS is not the Servicer, an insolvency event of the relevant servicer;
- (c) an unremedied breach by the Seller of any of its obligations under the Transaction Documents, which breach has (or, with the passage of time, would have) a Material Adverse Effect;
- (d) YBS ceases to be the Interest Rate Swap Provider;
- (e) following the application of the Pre-Acceleration Revenue Priority of Payments on an Interest Payment Date, the debit balance recorded to the Class Z VFN Principal Deficiency Ledger is in excess of 1% of the aggregate Sterling Equivalent Principal Amount Outstanding of all Notes as at that Interest Payment Date;
- (f) (A) following the application of the Pre-Acceleration Revenue Priority of Payments on an Interest Payment Date, the Liquidity Reserve Fund (if required to be established) is not fully funded to the Liquidity Reserve Fund Required Amount or (B) following any drawings under the Class Z VFN and the application of the Pre-Acceleration Revenue Priority of Payments on an Interest Payment Date, the General Reserve Fund is not funded to the General Reserve Required Amount;
- (g) redemption in full of the Class A Notes;
- (h) the amount standing to the credit of the Retained Principal Ledger is greater than 3.5% of the aggregate Current Balance of the Loans in the Portfolio as at the Initial Portfolio Creation Date;
- (i) the aggregate Current Balance of the Loans in the Portfolio which are three or more months in arrears is greater than or equal to 3% of the aggregate Current Balance of all Loans in the Portfolio as at the last day of the Monthly Period in which a Further Sale Date occurs; or
- (j) the date on which the Seller ceases to originate new loans that are capable of meeting the predetermined credit quality requirements set out in the Mortgage Sale Agreement and complying in all material respects with the Loan Warranties.

**Initial Portfolio** means the portfolio of Loans and Related Security sold by the Seller to the Issuer on the Closing Date.

**Initial Portfolio Creation Date** means 7 March 2021.

**Land Registry** means the body responsible for recording details of land

in England and Wales.

**Monthly Period** means the monthly period commencing on and including the first calendar day of each month and ending on and including the last calendar day of each month except that the first Monthly Period will commence on the Initial Portfolio Creation Date and end on the last calendar day of March 2021.

**Monthly Pool Date** means the 16th of each month, or if such day is not a Business Day, the immediately following Business Day.

**Monthly Test Date** means the 9th of each month, or if such day is not a Business Day, the immediately following Business Day.

**Mortgage** means, in respect of any Loan each first fixed charge by way of legal mortgage, or as applicable, first ranking standard security, secured over a Property located in England or Wales or Scotland, which is, or is to be, sold by the Seller to the Issuer pursuant to the Mortgage Sale Agreement, which secures the repayment of the relevant Loan including the Mortgage Conditions applicable to it.

**Registers of Scotland** means the Land Register of Scotland or the General Register of Sasines.

**Property** means (in England and Wales) a freehold, leasehold or commonhold property or (in Scotland) a heritable property or property held under a long lease, which is, in each case, subject to a Mortgage.

**Related Security** means, in relation to a Loan, the security granted for the repayment of that Loan by the relevant Borrower including the relevant Mortgage and all other matters applicable thereto acquired as part of any Portfolio sold to the Issuer pursuant to the Mortgage Sale Agreement (as described more fully in the section entitled "Summary of the Key Transaction Documents – Mortgage Sale Agreement").

**Scottish Mortgage** means a first ranking standard security over a Property located in Scotland.

**Material Adverse Effect:**

As the context requires, Material Adverse Effect means:

- (a) a material adverse effect on the validity or enforceability of any of the Transaction Documents or the Notes;
- (b) a material adverse effect on the collectability or receipt by or on behalf of the Issuer of any principal receipts or revenue receipts or sale proceeds in respect of the Loans;
- (c) a material adverse effect on the right, title, interests and/or benefit of the Issuer or the Security Trustee in the Loans or in any other Charged Assets or the ability of the Security Trustee to enforce the Security or the priority of any Security;
- (d) an adverse effect on the business, operations, assets, property, condition (financial or otherwise) or prospects of any person

which is material in the context of the Transaction or on the ability of such person to perform its obligations under any of the Transaction Documents;

- (e) a material adverse effect on the Class A Notes or the Class A Noteholders; or
- (f) a failure in the provision of information to any Transaction Party which is material in the context of the Transaction.

**Features of the Loans comprising the Cut-Off Date Portfolio:**

The following is a summary of certain features of the Loans comprising the Cut-Off Date Portfolio as at 30th November 2020 (the **Cut-Off Date**) and Noteholders should refer to, and carefully consider, further details in respect of the Loans set out in "Characteristics of the Cut-Off Date Portfolio".

Type of Borrower	Prime		
Type of mortgage	Interest-Only and Repayment		
Self-certified Loans	No		
Buy to Let Loans	No		
New Build Loans	Yes		
Offset Loans	No		
Right to Buy Loans	No		
Number of Loans	9,396		
Current Balance:	£1,834,210,022		
	Weighted average	Minimum	Maximum
Current Balance (£)*	£195,212	£5,259	£1,727,852
Indexed LTV	73.04	0.78	89.81
LTV at origination	77.23	5.05	90.00
Seasoning (months)	10.6	2.6	149.2
Remaining Term (years)	26.3	0.7	39.8

\* *Calculated on a simple average basis*

**Consideration:**

The Issuer will use the gross proceeds of the issue of the Class A Notes (in the case of the Class A1 Notes, converted into Sterling under the Currency Swap Transaction) to pay a portion of the Initial Consideration. If the proceeds of the Class A Notes (in the case of the Class A1 Notes,

converted into Sterling under the Currency Swap Transaction) are insufficient to pay the Initial Consideration in respect of the Portfolio, the remaining portion of the Initial Consideration will be funded using the proceeds of the Class Z VFN. The Loans will be sold on the Closing Date to the Issuer at a price equal to their Current Balance on the Initial Portfolio Creation Date. Any amounts received on the Loans in the Initial Portfolio from (and excluding) the Initial Portfolio Creation Date and to (and excluding) the Closing Date shall be paid by the Seller to the Issuer on the Closing Date. During the Further Sale Period, the Issuer may on any Further Sale Date be required to purchase Additional Loans and Related Security from the Seller. The consideration for the Additional Loans will be paid by the Issuer using Available Principal Receipts (after making payments, on the Class A Notes to reduce the Principal Amount Outstanding of the Class A Notes by the Class A Target Amortisation Amount on such Interest Payment Date) on the Interest Payment Date immediately following the relevant Further Sale Date. Additional Loans will be sold to the Issuer at a price equal to their Current Balance on the relevant Further Sale Date. The Issuer will pay Deferred Consideration to the Seller from excess Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Acceleration Priority of Payments.

**Representations and Warranties:**

The Seller will make the Loan Warranties regarding the Loans and Related Security to the Issuer on the Closing Date (and in respect of Additional Loans (other than any Additional Loans repurchased on the Interest Payment Date immediately following the relevant Further Sale Date), on the Interest Payment Date immediately following the relevant Further Sale Date) and in respect of any Further Advance, Product Switch and/or Tested Underpayment Option on the last day of the Monthly Period in which each such Further Advance, Product Switch and/or Tested Underpayment Option takes place.

The Loan Warranties are comprised of representations and warranties in respect of the legal nature of the Loans and their Related Security, as well as asset representations and warranties which include the following:

- at least two monthly payments due in respect of each Loan have been paid by the relevant Borrower;
- no Loan has a maturity date falling later than three years earlier than the Final Maturity Date;
- as at 28 February 2021 no Loan was (and in respect of Additional Loans, as at the relevant Further Sale Date, no Additional Loans sold on such Further Sale Date were) one or more months in arrears;
- no Loan is a Self-certified Loan or was a Self-certified Loan as at the date of origination of the relevant Loan, a Buy to Let Loan, an Offset Loan, a Help to Buy Loan or a Right to Buy Loan;
- in respect of Loans comprised in the Initial Portfolio, no Loan had an Unindexed LTV greater than 90% as at the Initial Portfolio

Creation Date and in respect of any Additional Loans, no Additional Loan had an Unindexed LTV greater than 90% as at the relevant Further Sale Date;

- in respect of Loans comprised in the Initial Portfolio, no Loan had an Indexed LTV greater than 90% as at the Initial Portfolio Creation Date and in respect of any Additional Loans, no Additional Loan had an Indexed LTV greater than 90% as at the relevant Further Sale Date;
- no Borrower had a credit application score of less than 250 in respect of its application for the relevant Mortgage (as determined in accordance with the Seller's origination policies);
- each Loan has been designated as a prime Loan under the Seller's designated origination policies;
- to the best of the Seller's knowledge, no Borrower had been in arrears with another mortgage lender at any point during the 12 months prior to the date of such Borrower's Initial Advance under its Loan;
- no Loan has a Current Balance greater than £2 million as at the Initial Portfolio Creation Date or, in relation to an Additional Loan, as at the relevant Further Sale Date;
- all of the Properties are in England, Wales or Scotland; and
- each Loan in the Portfolio is either:
  - (i) an SVR Loan or a Discounted SVR Loan or a Fixed Rate Loan or a Reversionary Discount Loan; or
  - (ii) a New Loan Type which will not result in the then current ratings of the Class A Notes being downgraded, withdrawn or qualified,

and no Loan is a Capped Rate Loan.

See section "Summary of the Key Transaction Documents – Mortgage Sale Agreement" for further details.

**Additional Loan Conditions:**

In order for any Additional Loans which have been sold to the Issuer during the Further Sale Period to remain in the Portfolio, certain conditions (the **Additional Loan Conditions**) must be complied with as at the last day of the Monthly Period in which the relevant Further Sale Date occurred. The Additional Loan Conditions will be tested (on the basis of the position in relation to such Additional Loans and data calculated as at the last day of the Monthly Period in which the relevant Further Sale Date occurred) on the Monthly Test Date immediately following the Monthly Period in which the sale of such Additional Loans to the Issuer took place.

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

**Repurchase of the Loans and Related Security:**

The Issuer shall sell and the Seller (or, failing which, YBS or one of its subsidiaries) shall repurchase the relevant Loans and their Related Security in the following circumstances:

- upon a material breach of the Loan Warranties or a breach of the Eligibility Criterion (which is either not capable of remedy or if the Seller failed to remedy it within a 90-day grace period) in respect of Loans comprised in the Initial Portfolio on the Closing Date (and in respect of any Additional Loans (other than any Additional Loans repurchased on the Interest Payment Date immediately following the relevant Further Sale Date) on the Interest Payment Date immediately following the relevant Further Sale Date);
- upon non-compliance with the Additional Loan Conditions (which is either not capable of remedy or if the Seller failed to remedy it within a 90-day grace period) in respect of any Additional Loans;
- if the Issuer is unable to fund the purchase of any Further Advance from funds standing to the credit of the Principal Ledger and the Class Z VFN Holder fails to advance an amount equal to such shortfall;
- upon a breach of the Asset Conditions in respect of Loans subject to a Further Advance, Product Switch and/or Tested Underpayment Option (which is either not capable of remedy or if the Seller failed to remedy it within the agreed 90-day grace period);
- if YBS is replaced as the Interest Rate Swap Provider, then the Seller will be required to repurchase any Loan subject to a Further Advance or Product Switch (in each case after the date of replacement of YBS as the Interest Rate Swap Provider) on the Monthly Pool Date immediately following the Monthly Period in which such Advance Date and/or Switch Date occurred; or
- at the option of the Seller, if any Loan becomes a Covid-19 Payment Deferral Loan.



In addition to the above and in relation to any Additional Loans, the Seller may repurchase any Additional Loans sold to the Issuer on a Further Sale Date on the Interest Payment Date immediately following the relevant Further Sale Date on which such Additional Loans were sold to the Issuer if such Additional Loans would, if the Additional Loan Conditions were tested in relation to such Loans, breach any of the Additional Loan Conditions or if such Loans remaining in the Portfolio would cause the Issuer or YBS as applicable to breach the terms of any of the Transaction Documents. The consideration for such repurchase shall be an amount equal to the Current Balance of the relevant Additional Loans determined as at the calendar day before such Interest Payment Date.

YBS will provide a guarantee to the Issuer in respect of the repurchase obligations of the Seller under the Mortgage Sale Agreement. Under such guarantee, upon the failure of the Seller to repurchase a Loan pursuant to the terms of the Mortgage Sale Agreement, YBS will procure that it or one of its subsidiaries repurchases such Loan.

**Consideration for repurchase:**

The amount payable by the Seller (or, if applicable, YBS or one of its subsidiaries) in respect of the repurchase of the Loans and Related Security shall be equal to the aggregate of the Current Balance (excluding, if applicable, the amount of any Further Advance which has not yet been paid for by the Issuer) of the relevant Loan calculated on the day before the relevant Monthly Pool Date.

**Perfection Events:**

Completion of transfer of the legal title of the Loans by the Seller to the Issuer will be completed on or before the 20th Business Day after the earliest to occur of the following:

- (a) the Seller being required to perfect transfer of legal title to the Loans and their Related Security (i) by an order of a court of competent jurisdiction, (ii) by a regulatory authority which has jurisdiction over the Seller or (iii) by any organisation of which the Seller is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders with whose instructions it is customary for the Seller to comply;
- (b) it becoming necessary by law to perfect legal title to the Loans and their Related Security;
- (c) the security under the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy and the Security Trustee being required by the Note Trustee (on behalf of the Noteholders) so long as any Notes are outstanding or the other Secured Creditors if no Notes are then outstanding to take action to reduce that jeopardy;
- (d) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee;
- (e) the occurrence of a Seller Insolvency Event;

- (f) the Seller is in breach of its obligations under the Mortgage Sale Agreement, but only if: (i) such breach, where capable of remedy, is not remedied to the reasonable satisfaction of the Issuer (prior to the delivery of a Note Acceleration Notice) or the opinion of the Security Trustee acting on the instructions of the Note Trustee (after the delivery of a Note Acceleration Notice) within 90 calendar days; and (ii) Moody's and/or Fitch shall have provided confirmation that the then current ratings of the Notes will be withdrawn, downgraded or qualified as a result of such breach; or
- (g) if the Seller (on the advice of YBS) determines, as at any date, that the CET1 Ratio of YBS has fallen below 7.00%,

provided that the provisions of paragraphs (f) and/or (g) above shall (1) not apply if the Seller has delivered a certificate to the Security Trustee that the occurrence of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the UK Securitisation Regulation); and (2) be subject to such amendment as the Seller may require so long as the Seller delivers a certificate to the Security Trustee that the amendment of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the UK Securitisation Regulation).

Prior to the completion of the transfer of legal title to the relevant Loans and Related Security, the Issuer will hold only the equitable title or, in relation to any Scottish Loans and their Related Security, beneficial title to those Loans pursuant to the Scottish Declaration of Trust and will therefore be subject to certain risks as set out in the risk factor entitled "Seller to Initially Retain Legal Title to the Loans and risks relating to set-off".

#### **Servicing of the Portfolio:**

The parties to the Servicing Agreement to be entered into on or about the Closing Date (the **Servicing Agreement**) will be the Issuer, the Security Trustee, the Seller, the Back-Up Servicer Facilitator and the Servicer.

The Servicer will be appointed by the Seller and the Issuer (and, upon the earlier to occur of (i) service of a Note Acceleration Notice and (ii) enforcement or realisation of the Security, the Security Trustee) to service, on a day-to-day basis, the Loans sold to the Issuer and their Related Security on behalf of the Issuer (or while the Scottish Loans are held subject to the Scottish Declaration of Trust, the Servicer will agree to service such Scottish Loans on behalf of the Seller in its capacity as trustee thereunder acting upon the instruction of the Issuer in its capacity as beneficiary thereunder) (such services, *inter alia*, the **Services**).

So long as YBS (or any member of the YBS Group) is the Servicer, the Issuer will, on each Interest Payment Date, pay to the Servicer a servicing fee (inclusive of VAT) (the **Servicing Fee**) totalling 0.08% per annum on the aggregate Current Balance of the Loans in the Portfolio as determined on the last day of the calendar month before the preceding Calculation Date. If a substitute servicer from outside the YBS Group is appointed in accordance with the terms of the Servicing Agreement, the

Issuer shall pay the successor servicer for its services a fee to be determined at the time of such appointment. The Servicing Fee will rank ahead of all payments on the Notes.

The appointment of the Servicer may be terminated by the Issuer (subject to the prior written consent of the Security Trustee) upon the occurrence of the following events (the **Servicer Termination Events**):

- the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of 30 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer, the Seller or the Security Trustee, as the case may be, requiring the same to be remedied;
- the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which failure in the reasonable opinion of the Issuer (prior to the delivery of a Note Acceleration Notice) or the opinion of the Security Trustee acting on the instructions of the Note Trustee (after the delivery of a Note Acceleration Notice) is materially prejudicial to the interests of the Noteholders, and the Servicer does not remedy that failure within 30 Business Days after the earlier of the Servicer becoming aware of the failure or of receipt by the Servicer of written notice from the Issuer, the Seller or the Security Trustee as the case may be requiring the Servicer's non-compliance to be remedied (subject to certain provisos in relation to the situation where the default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations);
- a third party becomes obliged to undertake the servicing of the Loans (other than as master servicer) pursuant to any back-up servicing agreement contemplated by the Servicing Agreement; or
- an Insolvency Event occurs in relation to the Servicer.

Subject to the fulfilment of certain conditions, the Servicer may also resign upon giving 12 months' written notice provided a replacement servicer has been appointed by the Issuer (with the consent of the Security Trustee).

In the absence of a Servicer Termination Event, Noteholders have no right to instruct the Security Trustee to terminate the appointment of the Servicer.

In the event that the Servicer has ceased to be assigned (i) a counterparty risk assessment of at least Baa3(cr) by Moody's or (ii) a long-term issuer default rating of at least BBB- by Fitch (or (A) such other lower risk assessment/rating which is consistent with the then current methodology of the relevant Rating Agency or (B) such other lower risk

assessment/rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes or (C) such other lower risk assessment/rating as the Note Trustee may (but shall not be obliged to) agree), the Servicer, with the assistance of the Back-Up Servicer Facilitator, shall, within 60 days of the date on which it has ceased to be so rated, use best efforts to appoint a back-up servicer which meets the requirements for a substitute servicer provided for by the Servicing Agreement and use reasonable endeavours to enter into a back-up servicing agreement with a back-up servicer with suitable experience and credentials in such form as the Issuer and the Security Trustee shall reasonably require.

See "Summary of the Key Transaction Documents – Servicing Agreement".

**Delegation:**

The Servicer may delegate some of its servicing functions to a third party provided that the Servicer remains liable for the failure of and for the performance of any functions so delegated.

See "Summary of the Key Transaction Documents – Servicing Agreement".

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

Please refer to 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 A1 Notes	Class A2 Notes	Class A3 Notes	Class Z VFN
Currency	USD	GBP	GBP	GBP
Principal Amount:	\$300,000,000	£264,000,000	£1,000,000,000	£450,000,000 (of which £243,908,000 shall be subscribed for as at the Closing Date)
Credit enhancement and liquidity support features:	<p>Subordination of the Class Z VFN.</p> <p>The availability of the General Reserve Fund, as funded by the Class Z VFN on the Closing Date.</p> <p>Upon YBS ceasing to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 or a long-term issuer default rating by Fitch of at least BBB or a short-term issuer default rating by Fitch of at least F2, the availability of the Liquidity Reserve Fund, as funded by Available Principal Receipts.</p> <p>Excess Available Revenue Receipts.</p> <p>The application in certain circumstances of Principal Receipts to provide for any Revenue Deficiency (as defined in "Credit Structure - Use of Principal Receipts to pay Revenue Deficiency") in the Available Revenue Receipts.</p> <p>In respect of the Class A Notes only (and at the sole discretion of the Class Z VFN Holder), the application in certain circumstances of drawdowns under the Class Z VFN to fund any Class A1 Target Amortisation Amount Shortfall, Class A2 Target Amortisation</p>	<p>Subordination of the Class Z VFN.</p> <p>The availability of the General Reserve Fund, as funded by the Class Z VFN on the Closing Date.</p> <p>Upon YBS ceasing to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 or a long-term issuer default rating by Fitch of at least BBB or a short-term issuer default rating by Fitch of at least F2, the availability of the Liquidity Reserve Fund, as funded by Available Principal Receipts.</p> <p>Excess Available Revenue Receipts.</p> <p>The application in certain circumstances of Principal Receipts to provide for any Revenue Deficiency (as defined in "Credit Structure - Use of Principal Receipts to pay Revenue Deficiency") in the Available Revenue Receipts.</p> <p>In respect of the Class A Notes only (and at the sole discretion of the Class Z VFN Holder), the application in certain circumstances of drawdowns under the Class Z VFN to fund any Class A1 Target Amortisation Amount Shortfall, Class A2 Target Amortisation</p>	<p>Subordination of the Class Z VFN.</p> <p>The availability of the General Reserve Fund, as funded by the Class Z VFN on the Closing Date.</p> <p>Upon YBS ceasing to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 or a long-term issuer default rating by Fitch of at least BBB or a short-term issuer default rating by Fitch of at least F2, the availability of the Liquidity Reserve Fund, as funded by Available Principal Receipts.</p> <p>Excess Available Revenue Receipts.</p> <p>The application in certain circumstances of Principal Receipts to provide for any Revenue Deficiency (as defined in "Credit Structure - Use of Principal Receipts to pay Revenue Deficiency") in the Available Revenue Receipts.</p> <p>In respect of the Class A Notes only (and at the sole discretion of the Class Z VFN Holder), the application in certain circumstances of drawdowns under the Class Z VFN to fund any Class A1 Target Amortisation Amount Shortfall, Class A2 Target Amortisation</p>	<p>Excess Available Revenue Receipts.</p>

	<b>Class A1 Notes</b>	<b>Class A2 Notes</b>	<b>Class A3 Notes</b>	<b>Class Z VFN</b>
	Amount Shortfall or Class A3 Target Amortisation Amount Shortfall.	Amount Shortfall or Class A3 Target Amortisation Amount Shortfall.	Amount Shortfall or Class A3 Target Amortisation Amount Shortfall.	
	In respect of the Class A Notes only (and at the sole discretion of the Class Z VFN Holder), the application in certain circumstances of drawdowns under the Class Z VFN to fund any Covid-19 Revenue Shortfall Amount.	In respect of the Class A Notes only (and at the sole discretion of the Class Z VFN Holder), the application in certain circumstances of drawdowns under the Class Z VFN to fund any Covid-19 Revenue Shortfall Amount.	In respect of the Class A Notes only (and at the sole discretion of the Class Z VFN Holder), the application in certain circumstances of drawdowns under the Class Z VFN to fund any Covid-19 Revenue Shortfall Amount.	
	During the Further Sale Period, the application of amounts standing to the credit of the Retained Principal Ledger to fund any Class A Target Amortisation Amount Shortfall.	During the Further Sale Period, the application of amounts standing to the credit of the Retained Principal Ledger to fund any Class A Target Amortisation Amount Shortfall.	During the Further Sale Period, the application of amounts standing to the credit of the Retained Principal Ledger to fund any Class A Target Amortisation Amount Shortfall.	
	The reallocation of any Contractual Difference Amounts from Available Principal Receipts to Available Revenue Receipts.	The reallocation of any Contractual Difference Amounts from Available Principal Receipts to Available Revenue Receipts.	The reallocation of any Contractual Difference Amounts from Available Principal Receipts to Available Revenue Receipts.	
Issue Price:	100%	100%	100%	100%
Interest Rate:	Prior to the Step-Up Date, fixed and thereafter calculated by reference to Compounded Daily SOFR plus the Relevant Margin (together subject to a floor of zero)	Compounded Daily SONIA plus the Relevant Margin (together subject to a floor of zero)	Compounded Daily SONIA plus the Relevant Margin (together subject to a floor of zero)	Compounded Daily SONIA plus the Relevant Margin (together subject to a floor of zero)
Relevant Margin:	On and after the Step-Up Date 1.14% per annum	Prior to the Step-Up Date 0.33% per annum and on and after the Step-Up Date 0.66% per annum	Prior to the Step-Up Date 0.45% per annum and on and after the Step-Up Date 0.90% per annum	0% per annum
Step-Up Date:	Interest Payment Date falling in April 2026	Interest Payment Date falling in April 2026	Interest Payment Date falling in April 2026	N/A
Interest Accrual Method:	Prior to the Step-Up Date, 30/360 and thereafter Actual/360	Actual/365	Actual/365	Actual/365
Interest Determination Date	The fifth New York Business Day prior to the relevant Interest Payment Date	The fifth Business Day prior to the relevant Interest Payment Date	The fifth Business Day prior to the relevant Interest Payment Date	The fifth Business Day prior to the relevant Interest Payment Date
Interest Payment Dates:	16th day of January, April, July and October of each year	16th day of January, April, July and October of each year	16th day of January, April, July and October of each year	16th day of January, April, July and October of each year
Business Day Convention:	Modified Following	Modified Following	Modified Following	Modified Following
First Interest Payment Date:	16 April 2021	16 April 2021	16 April 2021	16 April 2021

	Class A1 Notes	Class A2 Notes	Class A3 Notes	Class Z VFN
Final Maturity Date:	Interest Payment Date falling in April 2069	Interest Payment Date falling in April 2069	Interest Payment Date falling in April 2069	Interest Payment Date falling in April 2069
Form of the Notes:	Registered	Registered	Registered	Dematerialised
Application for Exchange Listing:	Regulated Market of Euronext Dublin	Regulated Market of Euronext Dublin	Regulated Market of Euronext Dublin	Not listed
Clearance/Settlement:	Regulation S Notes: Euroclear/Clearstream, Luxembourg  Rule 144A Notes: DTC	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	N/A
CUSIP:	10554P AA1	N/A	N/A	N/A
ISIN:	Rule 144A Notes: US10554PAA12 Regulation S Notes: XS2297660156	Rule 144A Notes: XS2297662525 Regulation S Notes: XS2297660586	Rule 144A Notes: XS2297663093 Regulation S Notes: XS2297662871	N/A
Common Code:	Rule 144A Notes: 230034761 Regulation S Notes: 229766015	Rule 144A Notes: 229766252 Regulation S Notes: 229766058	Rule 144A Notes: 229766309  Regulation S Notes: 229766287	N/A
Ratings* (Fitch/Moody's):	AAA sf/Aaa (sf)	AAA sf/Aaa (sf)	AAA sf/Aaa (sf)	Not rated
Minimum Denomination	\$200,000 and integral multiples of \$1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof

\* As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the United Kingdom and is registered under the **UK CRA Regulation**. The ratings issued by the Rating Agencies have been endorsed by Fitch Ratings Ireland Limited and Moody's Deutschland GmbH, respectively. Each of Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is established in the EU and registered under the EU CRA Regulation. As such, each of the Rating Agencies is included on the list of credit rating agencies published by the European Securities and Markets Authority on its website (at [www.esma.europa.eu/page/list-registered-and-certified-CRAs](http://www.esma.europa.eu/page/list-registered-and-certified-CRAs)) (this website and the contents thereof do not form part of this Prospectus) and by the FCA on its website (at <https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras>) (this website and the contents thereof do not form part of this Prospectus). In general, European and United Kingdom regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union or the United Kingdom (as applicable) and registered under the EU CRA Regulation or the UK CRA Regulation (as applicable).

**Ranking and Form of the Notes:** The Issuer will issue the following classes of the Notes on the Closing Date under the Trust Deed:

- Class A1 Mortgage-Backed Fixed Rate Notes due April 2069 (the **Class A1 Notes**);
- Class A2 Mortgage-Backed Floating Rate Notes due April 2069 (the **Class A2 Notes**);

- Class A3 Mortgage-Backed Floating Rate Notes due April 2069 (the **Class A3 Notes** and, together with the Class A1 Notes and the Class A2 Notes, the **Class A Notes**); and
- Class Z VFN due April 2069 (the **Class Z VFN** and together the Class A Notes and the Class Z VFN are the **Notes** and the holders thereof from time to time, the **Noteholders**).

Payments of interest on the Class A Notes and the Class Z VFN will be paid sequentially. Payments of interest on the Class A Notes (to be applied *pro rata* and *pari passu* between the Class A1 Notes, the Class A2 Notes and the Class A3 Notes by reference to the Sterling equivalent of the relevant interest amounts payable) will rank in priority to payments on the Class Z VFN.

In accordance with the Pre-Acceleration Principal Priority of Payments, on each Interest Payment Date and, in respect of Class A Notes only, from drawings under Class Z VFN (at the sole discretion of the Class Z VFN Holder) in the event of a shortfall in amounts available to pay the Class A Target Amortisation Amount:

- repayments of principal in respect of the Class A1 Notes will be made in an amount up to the Class A1 Target Amortisation Amount;
- repayments of principal in respect of the Class A2 Notes will be made in an amount up to the Class A2 Target Amortisation Amount;
- subject, following the Class A1 Sterling Equivalent Redemption Date, to prepayments of principal on the Class A1 Notes, repayments of principal in respect of the Class A3 Notes will be made in an amount up to the Class A3 Target Amortisation Amount; and
- repayments of principal on the Class Z VFN will be made following the redemption in full of the Class A Notes.

For a more detailed summary of the Priority of Payments, please refer to the section entitled "Cashflows".

Pursuant to the Deed of Charge, the Notes 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. Certain amounts due by the Issuer to its other Secured Creditors will rank in priority to amounts due in respect of the Notes.

The Class A Notes will be issued in registered form. The Class Z VFN will be issued in dematerialised registered form. The U.S. Global Notes will be deposited on behalf of the beneficial owners with the DTC Custodian and the Non-U.S. Global Notes will be cleared through Euroclear and/or Clearstream, Luxembourg as set out in "Description of



the Notes in Global Form and the Variable Funding Notes".

**Variable Funding Notes:**

The Issuer will issue the Class Z VFN on the Closing Date.

So long as the Class A Notes are outstanding, the Principal Amount Outstanding of the Class Z VFN shall not fall below 5% of the initial aggregate Current Balance of the Loans as at the Initial Portfolio Creation Date.

Prior to the Class Z VFN Commitment Termination Date, the Class Z VFN will have a maximum principal amount of £450,000,000 or such other amount as may be agreed from time to time by the Issuer and the holder of the Class Z VFN (the **Class Z VFN Holder**) and notified to the Note Trustee (the **Maximum Class Z VFN Amount**), that can be funded by the Class Z VFN Holder at the request of the Issuer.

The commitment of the Class Z VFN Holder in respect of holding the Class Z VFN will be extinguished on the earlier to occur of:

- (a) the Interest Payment Date falling in April 2069; and
- (b) an Event of Default,

(the **Class Z VFN Commitment Termination Date**).

The maximum Principal Amount Outstanding under the Class Z VFN shall not exceed the Maximum Class Z VFN Amount.

The Issuer may use the net proceeds of the issue of the Class Z VFN to fund:

- to the extent that the proceeds of the Class A Notes are insufficient to pay the Initial Consideration on the Closing Date, the remaining portion of the Initial Consideration;
- any Further Advance Purchase Price (to the extent not funded by amounts standing to the credit of the Principal Ledger);
- the establishment of the General Reserve Fund on the Closing Date;
- any increase in the General Reserve Fund up to the General Reserve Required Amount;
- initial expenses of the Issuer incurred in connection with the issue of the Notes on the Closing Date;
- any premiums payable under the Interest Rate Swap Transaction and/or the Currency Swap Transaction;
- (at the sole discretion of the Class Z VFN Holder) any Class A1 Target Amortisation Amount Shortfall, any Class A2 Target Amortisation Amount Shortfall or any Class A3 Target Amortisation Amount Shortfall subject to the restrictions set forth

in “Class Z VFN Holder's discretionary rights to fund Class A Target Amortisation Amounts and Revenue Shortfalls”; and

- (at the sole discretion of the Class Z VFN Holder) any Covid-19 Revenue Shortfall Amount.

If the Maximum Class Z VFN Amount in relation to the Class Z VFN has been drawn and, in accordance with the Conditions, the Issuer repays some of the principal due on such Class Z VFN, such repaid principal amount will be available to be redrawn by the Issuer up to the Maximum Class Z VFN Amount.

**Security:**

Pursuant to a deed of charge to be entered into between, *inter alios*, the Issuer and the Security Trustee (the **Deed of Charge**) on the Closing Date, the Notes will be secured by, *inter alia*, the following security (the **Security**):

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit in and to the Transaction Documents (other than the Trust Deed, each Scottish Declaration of Trust and Deed of Charge itself) (subject to any rights of set-off or netting provided for therein);
- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's interest in the English Loans and the English Mortgages and their other Related Security and other related rights comprised in the Portfolio;
- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit to and under insurance policies sold to the Issuer pursuant to the Mortgage Sale Agreement;
- (d) an assignment in security of the Issuer's beneficial interest in the Scottish Loans and their Related Security (comprising the Issuer's beneficial interest under the trust declared by the Seller over such Scottish Loans and their Related Security for the benefit of the Issuer pursuant to the Scottish Declaration of Trust, a **Scottish Supplemental Charge**);
- (e) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in its bank accounts and any other account (including any securities accounts) in which it has an interest and any sums or securities standing to the credit thereof;
- (f) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in all Authorised

Investments permitted to be made by the Issuer; and

- (g) a floating charge over all other assets of the Issuer not otherwise subject to a fixed charge but extending over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not the subject of fixed charges as aforesaid).

Upon any further Scottish Declaration of Trust being entered into by the Seller in favour of the Issuer after the Closing Date following a Further Sale Date or otherwise, the Issuer will deliver to the Security Trustee an assignation in security of its beneficial interest in the Scottish Loans and their Related Security (comprising the Issuer's beneficial interest under the trust declared by the Seller pursuant to such further Scottish Declaration of Trust) (each a **Scottish Supplemental Charge**).

Upon a Perfection Event occurring, the Issuer will be obliged in terms of the Deed of Charge to enter into further fixed security in respect of its legal title to the Scottish Loans and their Related Security in the Portfolio pursuant to a Scottish sub-security, the form of which is scheduled to the Deed of Charge (each a **Scottish Sub-Security**).

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

<b>Collateral:</b>	Mortgage loans that were originated by the Seller on the Seller's Standard Documentation from time to time.
<b>Interest Provisions</b>	Please refer to the " <i>Full Capital Structure of the Notes</i> " table above and as fully set out in Condition 5 (Interest).
<b>Interest Deferral</b>	Interest due and payable on the Class A Notes outstanding will not be deferred. Interest due and payable on the Class Z VFN may be deferred in accordance with Condition 16 (Subordination by Deferral).
<b>Withholding taxes</b>	None of the Issuer nor any Paying Agent or any other person will be obliged to gross-up any payments in respect of the Notes if there is any withholding or deduction required by law or in connection with FATCA on account of any present or future taxes, duties, assessments or governmental charges of whatever nature.
<b>Redemption</b>	<p>The Notes are subject to the following optional or mandatory redemption events:</p> <ul style="list-style-type: none"><li>(a) mandatory redemption in whole on the Interest Payment Date falling in April 2069 (the <b>Final Maturity Date</b>), as fully set out in Condition 7.1 (Redemption at Maturity);</li><li>(b) prior to the service of a Note Acceleration Notice, mandatory redemption in part of the Class A Notes by the relevant Class A Target Amortisation Amount, subject to availability of Available Principal Receipts (to the extent not used to credit the Liquidity Reserve Fund, if established), which shall be applied in accordance with the Pre-Acceleration Principal Priority of</li></ul>

Payments and any drawings under Class Z VFN (at the sole discretion of the Class Z VFN Holder) in the event of a shortfall in Available Principal Receipts to pay the Class A Target Amortisation Amount in respect of the Class A Notes;

- (c) on each Interest Payment Date following the occurrence of the Class A1 Sterling Equivalent Redemption Date, the Class A1 Notes will be redeemed in an amount equal to the Available Principal Amounts available for such purpose in accordance with the Pre-Acceleration Principal Priority of Payments (subject to conversion into dollars);
- (d) optional redemption of the Class A Notes exercisable by the Issuer in whole on the Optional Redemption Date, as fully set out in Condition 7.3 (Termination of the Currency Swap Agreement); and
- (e) optional redemption of the Class A Notes exercisable by the Issuer in whole: for tax reasons on any Interest Payment Date following the date on which there is a change in tax law as a result of which the Issuer (in respect of the Interest Rate Swap Transaction or the Currency Swap Transaction) or the Interest Rate Swap Provider (in respect of the Interest Rate Swap Transaction) or the Currency Swap Provider (in respect of the Currency Swap Transaction) would be required to withhold or deduct an amount of tax from a payment; or certain other changes in law, as fully set out in Condition 7.5 (Optional Redemption of the Class A Notes for Taxation or Other Reasons).

Any Note redeemed pursuant to the above redemption provisions will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to (but excluding) the date of redemption.

**Scheduled Amortisation of Class A Notes:**

On each Interest Payment Date prior to the service of a Note Acceleration Notice, the Class A1 Notes, the Class A2 Notes and the Class A3 Notes shall be redeemed using Available Principal Receipts applied in accordance with the Pre-Acceleration Principal Priority of Payments together with any drawings made under the Class Z VFN (at the sole discretion of the Class Z VFN Holder in the event of a shortfall in the amounts available to pay (in whole or in part) the Class A Target Amortisation Amount in respect of the Class A Notes) in an amount required to reduce the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes, respectively, to the target principal amount set out alongside the relevant Interest Payment Date in the Class A principal payment schedule set out in the Appendix to the Conditions (the amount required to reduce the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes to the relevant Target Principal Amount on such Interest Payment Date being the **Class A Target Amortisation Amount** and, in respect of the Class

A1 Notes only, the **Class A1 Target Amortisation Amount**, in respect of the Class A2 Notes only, the **Class A2 Target Amortisation Amount** and, in respect of the Class A3 Notes only, the **Class A3 Target Amortisation Amount**).

If on any Interest Payment Date any element of such amount remains unpaid, it shall not be an Event of Default in relation to the Notes and such amounts may be paid on any subsequent Interest Payment Dates.

**Termination of the Original Currency Swap Agreement – payments to holders of the Class A1 Notes:**

If the original Currency Swap Agreement relating to the Class A1 Notes has been terminated, then, on each Interest Payment Date prior to the delivery of a Note Acceleration Notice:

(a) if, on such Interest Payment Date, the applicable amount of the Available Principal Receipts available under the Pre-Acceleration Principal Priority of Payments to repay principal of the Class A1 Notes in accordance with Condition 7.2 (Mandatory Redemption), following conversion into dollars at:

(i) if no replacement Currency Swap Agreement is in force, the Spot Rate (by the Cash Manager); or

(ii) if a replacement Currency Swap Agreement is in force, the relevant dollar/Sterling exchange rate under such Currency Swap Agreement,

is **less than** the amount that would have been payable (in dollars) by the original Currency Swap Provider in respect of principal if the original Currency Swap Agreement had not been terminated, the shortfall amounts (such amounts being **Principal Shortfall Amounts**) shall only be paid from any Principal Excess Amounts (as defined below) or in accordance with item (d) of the Pre-Acceleration Principal Priority of Payments (as set out below); and

(b) if, on such Interest Payment Date, the applicable amount of the Available Principal Receipts available under the Pre-Acceleration Principal Priority of Payments to pay principal of the Class A1 Notes in accordance with Condition 7.2 (Mandatory Redemption) following conversion into dollars at:

(i) if no replacement Currency Swap Agreement is in force, the Spot Rate (by the Cash Manager); or

(ii) if a replacement Currency Swap Agreement is in force, the relevant dollar/Sterling exchange rate under such Currency Swap Agreement,

is **greater than** the amount that would have been payable (in dollars) by the original Currency Swap Provider in respect of principal if the original Currency Swap Agreement had not been terminated, the excess amounts (such amounts being **Principal Excess Amounts**) shall be used to pay any Principal Shortfall

Amounts, with any excess being transferred to the Swap Excess Reserve Account (as defined below) for application (subject to the terms of the Transaction Documents) on subsequent Interest Payment Dates to pay any future Principal Shortfall Amounts; and

- (c) if that Interest Payment Date falls on or following the Class A1 Sterling Equivalent Redemption Date:
  - (i) if the Class A1 Notes have not been redeemed in full, following application of any amounts held in the Swap Excess Reserve Account towards the redemption of the Class A1 Notes, any Principal Amount Outstanding of the Class A1 Notes shall only be paid subject to and in accordance with item (d) of the Pre-Acceleration Principal Priority of Payments; or
  - (ii) if the Class A1 Notes have been redeemed in full, any amounts held in the Swap Excess Reserve Account (such amounts, the Swap Excess Reserve Release Amount) shall be transferred to the Transaction Account (after conversion into Sterling by the Cash Manager at the Spot Rate) and credited to the Principal Ledger for application in accordance with the Pre-Acceleration Principal Priority of Payments.

On or after the delivery of a Note Acceleration Notice or following the redemption of the Class A1 Notes, any Swap Excess Reserve Release Amount shall be transferred to the Transaction Account (after conversion into Sterling by the Cash Manager at the Spot Rate) and applied in accordance with the Post-Acceleration Priority of Payments.

### **Controlling Class**

The **Controlling Class** means the Class A Notes so long as the Class A Notes are outstanding (with the holders of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes acting or voting together as a single class of Noteholders except as otherwise provided in the Conditions) and, once the Class A1 Notes have been repaid, the Class A2 Notes and the Class A3 Notes so long as any Class A2 Notes and Class A3 Notes are outstanding (with the holders of the Class A2 Notes and the Class A3 Notes acting or voting together as a single Class of Noteholders except as otherwise provided in the Conditions) and, once the Class A1 Notes and the Class A2 Notes have been repaid, the Class A3 Notes so long as any Class A3 Notes are outstanding and, after the Class A Notes have been repaid in full, the Class Z VFN.

If there is a conflict between the interests of the Class A Noteholders of one sub-class and the Class A Noteholders of another sub-Class, then a resolution directing the Note Trustee to take any action must be passed at separate meetings of the Noteholders of each sub-Class of the Class A Notes.

For the purposes of determining the Controlling Class, as set out in Condition 2.1 (Form and Denomination), those Classes of Notes (if any)

which are for the time being held by or on behalf of or for the benefit of the Issuer, the Seller, YBS and any Subsidiary of YBS, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except, in the case of YBS and any Subsidiary thereof (the **Relevant Persons**) where all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons as set out in Condition 2.1 (Form and Denomination).

**Expected Average Lives of the Class A Notes:**

The actual average lives of the Class A 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 10 (Events of Default), which broadly includes (where relevant, subject to the applicable grace period):

- non-payment of interest and/or principal in respect of the Class A Notes (other than a failure to redeem the Class A Notes up to the Class A Target Amortisation Amount on the relevant Interest Payment Date pursuant to Condition 7.2(a));
- breach of contractual obligations by the Issuer under the Transaction Documents; and
- certain insolvency events.

**Limited Recourse:**

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 11.4 (Limited Recourse).

**Governing Law:**

English law (other than (i) each Scottish Declaration of Trust, Scottish Transfer, Scottish Supplemental Charge and Scottish Sub-Security, which shall be governed by and construed in accordance with Scots law and (ii) any terms of the Transaction Documents which are particular to Scots law which will be construed in accordance with Scots law).

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

*Please refer to sections entitled "Terms and Conditions of the Notes" and "Risk Factors" for further detail in respect of the rights of Noteholders, 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% of the Sterling Equivalent Principal Amount Outstanding of the Notes then outstanding are entitled to request that the Note Trustee (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) convene a Noteholders' meeting or participate in a Noteholders' meeting convened by the Issuer or the Note Trustee to consider any matter affecting their interests, although the quorum for any such meeting will be higher (as set out in "Noteholders Meeting Provisions" below).

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.

**Original Exchange Rate** means the "Exchange Rate" specified in the Currency Swap Agreement;

**Sterling Equivalent Principal Amount Outstanding** means:

- (a) in relation to the Class A1 Notes:
  - (i) if the Currency Swap Agreement has not terminated early, the Sterling equivalent of the Principal Amount Outstanding of the Class A1 Note converted at the Original Exchange Rate (and rounded to the nearest whole penny); or
  - (ii) if the Currency Swap Agreement has terminated early (and irrespective of whether a replacement Currency Swap Agreement has been entered into), the Deemed Principal Amount Outstanding, and
- (b) in relation to the Class A2 Notes, the Class A3 Notes and the Class Z VFN, the Principal Amount Outstanding,

as calculated by the Cash Manager.

**Deemed Principal Amount Outstanding** means, on any day, in respect of the Class A1 Notes, the Sterling equivalent (calculated by the Cash Manager using the Original Exchange Rate and rounded to the nearest whole penny) of an amount equal to:



- (a) the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes on the Closing Date; less
- (b) the aggregate of all principal payments that would have been paid in respect of the Class A1 Notes in accordance with Condition 7.2 (Mandatory Redemption) up to (and including) that day if the original Currency Swap Agreement had still been in force, provided that for the purposes of calculating any Class A1 Target Amortisation Amount in relation to an Interest Payment Date only, the amount of any principal payment which would have been paid on the Class A1 Notes on such Interest Payment Date in accordance with Condition 7.2 (Mandatory Redemption) will not be taken into account.

**Following an Event of Default:** Following the occurrence of an Event of Default, Noteholders may, if they hold not less than 25% of the Sterling Equivalent Principal Amount Outstanding of the Controlling Class then outstanding or if the Controlling Class pass an Extraordinary Resolution, direct the Note Trustee (subject to being indemnified and/or secured and/or prefunded to its satisfaction) to give a Note Acceleration Notice to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amounts Outstanding, together with Accrued Interest as provided in the Trust Deed.

**Noteholders Meeting Provisions:**

	Initial Meeting	Adjourned Meeting
Notice period:	21 clear days (and no more than 365 calendar days) for an initial meeting	ten clear days (and no more than 365 calendar days) for an adjourned meeting
Quorum:	For an initial meeting, 25% of the Sterling Equivalent Principal Amount Outstanding of the relevant sub-Class, Class or Classes of Notes then outstanding for all Ordinary Resolutions; 50% of the Sterling Equivalent Principal Amount Outstanding of the relevant sub-Class, Class or Classes of Notes then outstanding for an Extraordinary Resolution (other than a Basic Terms Modification, which requires 75% of the Sterling Equivalent	Any percentage holding for an adjourned meeting (other than a Basic Terms Modification, which requires 25 % of the Sterling Equivalent Principal Amount Outstanding of the relevant sub-Class, Class or Classes of Notes then outstanding)

Principal Amount Outstanding of the relevant sub-Class, Class or Classes of Notes then outstanding)

Required majority: For initial meetings, 50% of votes cast for matters requiring Ordinary Resolution and 75% of votes cast for matters requiring Extraordinary Resolution (including a Basic Terms Modification) For adjourned meetings, 50% of votes cast for matters requiring Ordinary Resolution and 75% of votes cast for matters requiring Extraordinary Resolution (including a Basic Terms Modification)

Written Resolution: 75% in aggregate of the Sterling Equivalent Principal Amount Outstanding of the relevant sub-Class, Class or Classes of Notes then outstanding. A Written Resolution has the same effect as an Extraordinary Resolution.

Electronic Consents: Noteholders may also pass an Extraordinary Resolution by way of electronic consents communicated through the electronic communications systems of the clearing system(s) to the Principal Paying Agent or another specified agent and/or the Note Trustee in accordance with the operating rules and procedures of the relevant clearing system(s) (**Electronic Consents**). Such consents are required from Noteholders of not less than 75 % in aggregate Sterling Equivalent Principal Amount Outstanding of the relevant sub-Class, Class or Classes of Notes then outstanding for matters requiring Extraordinary Resolutions. A resolution passed by such means has the same effect as an Extraordinary Resolution.

Time and place: Every such meeting shall be held at such time and place as the Note Trustee may appoint or approve, provided that the place shall be a location in the United Kingdom.

**Extraordinary Resolution** means:

- (a) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed and the Conditions by a majority consisting of not less than three-quarters of the votes cast; or

- (b) (i) a resolution in writing signed by or on behalf of the Noteholders of not less than three-quarters in aggregate Sterling Equivalent Principal Amount Outstanding of any Class or sub-Class of the Notes thereof then outstanding 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 such Class or sub-Class or (ii) where the Class A Notes are held on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Issuer or the Note Trustee (as the case may be) given by way of electronic consents communicated through the electronic communication systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than three-quarters in aggregate Sterling Equivalent Principal Amount Outstanding of the Class A Notes or any sub-Class thereof then outstanding.

**Ordinary Resolution** means:

- (a) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed and the Conditions by a clear majority; or
- (b) a resolution in writing signed by or on behalf of the Noteholders of not less than a clear majority in aggregate Sterling Equivalent Principal Amount Outstanding of the relevant sub-Class, Class or Classes of Notes then outstanding, 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.

**Matters requiring Extraordinary Resolution:**

Broadly speaking, the following matters require an Extraordinary Resolution:

- (a) to approve any Basic Terms Modification;
- (b) to approve the substitution of any person for the Issuer as principal obligor under the Notes;
- (c) to approve or assent to any modification of the provisions contained in the Notes, the Conditions or the Trust Deed or any other Transaction Document;
- (d) to waive any breach or authorise any proposed breach by the Issuer of its obligations under the Notes or any Transaction Document or any act or omission which might otherwise constitute an Event of Default under the Notes;
- (e) to remove the Note Trustee and/or the Security Trustee;
- (f) to approve the appointment of a new Note Trustee and/or Security Trustee;
- (g) to authorise the Note Trustee or any other person to execute all documents and do all things necessary to give effect to any

Extraordinary Resolution;

- (h) to discharge or exonerate the Note Trustee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- (i) to give any other authorisation or approval which under the Trust Deed or the Notes or any other Transaction Document is required to be given by Extraordinary Resolution; and
- (j) to appoint any persons as a committee to represent the interests of the Noteholders and to convey upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution.

See Condition 12 (Meetings of Noteholders, Modification, Waiver and Substitution) for more detail.

**Right of modification without  
Noteholder consent:**

Pursuant to and in accordance with the detailed provisions of Condition 12.6 (Additional Right of Modification), the Note Trustee and/or the Security Trustee (as the case may be) shall be obliged, without any consent of the Noteholders, to concur with the Issuer in making any modification (other than a Basic Terms Modification) to the Conditions and/or any Transaction Document or enter into any new, supplemental or additional documents for the purposes of:

- (a) enabling the Issuer to comply with any requirements which apply to it under UK EMIR and/or EU EMIR;
- (b) complying with, or implementing or reflecting, any change in criteria of the Rating Agencies;
- (c) complying with any changes in the requirements of Article 6 of the UK Securitisation Regulation or Article 6 of the EU Securitisation Regulation or any other risk retention legislation, regulations or official guidance;
- (d) enabling the Notes to comply with the requirements of the UK Securitisation Regulation and/or the EU Securitisation Regulation, including relating to compliance with UK STS Requirements and the treatment of the Notes as a simple, transparent and standardised securitisation;
- (e) enabling the Class A Notes to be (or to remain) listed on Euronext Dublin or, where the maintenance of such listing has become unduly onerous, procure and maintain either the admission of the Class A Notes to the Official List of the FCA and to trading on the regulated market of the London Stock Exchange or the listing of the Class A Notes on such other stock exchange or exchanges or securities market or markets as the Issuer may decide **provided that** such new stock exchange is a recognised stock exchange for the purposes of Section 987 of the ITA 2007;

- (f) enabling the Issuer or any other Transaction Party to comply with FATCA;
- (g) complying with any changes in the requirements of the UK CRA Regulation; or
- (h) changing the base rate on the Class A1 Notes from SOFR (following the Step-Up Date) and/or on the Notes (other than the Class A1 Notes) from SONIA, to an Alternative Base Rate (and such other amendments as are necessary or advisable in the reasonable judgement of the Issuer to facilitate such change) to the extent there has been or there is reasonably expected to be a material disruption or cessation to SONIA and/or SOFR (as applicable).

Other than in respect of paragraph (a) above, the Issuer must provide at least 30 days' notice to Noteholders of each Class of the proposed modification in accordance with Condition 15 (Notice to Noteholders) and by publication on Bloomberg on the "Company News" screen relating to the Notes. If Noteholders representing at least 10% of the aggregate Sterling Equivalent Principal Amount Outstanding of the Controlling 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 12 (Meetings of Noteholders, Modification, Waiver and Substitution).

**Relationship between Classes of Noteholders:**

Subject to the provisions governing a Basic Terms Modification, an Extraordinary Resolution of Class A Noteholders shall be binding on the Class Z VFN Holder and would override any resolutions to the contrary by them.

A Basic Terms Modification requires an Extraordinary Resolution of the relevant affected sub-Class, Class or Classes of Notes. If there is a conflict between the interests of the Class A Noteholders of one sub-class and the Class A Noteholders of another sub-Class, then a Basic Terms Modification requires an Extraordinary Resolution of each sub-Class of the Class A Notes.

If there is a conflict between the interests of the Class A Noteholders of one sub-class and the Class A Noteholders of another sub-Class, then a resolution directing the Note Trustee to take any action must be passed at separate meetings of the Noteholders of each sub-Class of the Class A Notes.

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

So long as the Notes are outstanding, the Security Trustee will have regard solely to the interests of the Noteholders and shall not have regard to the interests of any other Secured Creditor.

**Provision of Information to the Noteholders:**

For so long as the Notes remain outstanding, the Cash Manager on behalf of the Issuer will publish (i) a quarterly investor report in respect of the

relevant Collection Period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and Article 7(1)(e) of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date) (each a **Quarterly Report**) and (ii) on a quarterly basis certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation and Article 7(1)(a) of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date) (the **Loan Level Information**) in each case, simultaneously each quarter (to the extent required under Article 7(1) of the UK Securitisation Regulation and Article 7(1) of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date)) and no later than one month after the relevant Interest Payment Date.

The Cash Manager will make such information available to the holders of any of the Notes, relevant competent authorities and to potential investors in the Notes.

YBS shall make available or procure on demand, from the Closing Date until the date the last Note is redeemed in full, a liability cash flow model (the **Cash Flow Model**) to investors, either directly or indirectly through one or more entities which provide such Cash Flow Models, which precisely represents the contractual relationship between the Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer. The Cash Flow Model shall be made available (i) prior to pricing of the Notes to potential investors and (ii) on an on-going basis and to investors in the Notes and to potential investors in the Notes upon request.

Each Quarterly Report and Loan Level Information will be published by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the UK Securitisation Regulation and Article 10 of the EU Securitisation Regulation (solely as it applies on the Closing Date) (as applicable) by means of the website of European DataWarehouse's UK website at (<https://editor.eurodw.co.uk>) and the European DataWarehouse's EU website at (<https://editor.eurodw.eu>), each being a website which conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date) respectively, or any other website which may be notified by the Issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date) (such website(s) together, the **Reporting Websites**), and the Cash Flow Model will be published by means of the website of EuroABS (<https://www.euroabs.com/IH.aspx?s=94>). None of the reports or the websites or the contents thereof form part of this Prospectus.

YBS and the Issuer will procure that the Cash Manager will publish a monthly investor report detailing, *inter alia*, certain aggregated loan data in

relation to the Portfolio in the form required by the Bank of England for the purpose of the Bank of England's sterling monetary framework. Such reports will be published on YBS' website and by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the UK Securitisation Regulation and Article 10 of the EU Securitisation Regulation (as in force on the Closing Date)) by means of the Reporting Websites. For the avoidance of doubt, these websites and their contents thereof do not form part of this Prospectus. YBS will make the information referred to above available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes.

Information required to be made available prior to pricing to potential investors in the Notes pursuant to Article 7 of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date) was made available by means of the Reporting Websites.

**Communication with  
Noteholders:**

Other than the monthly Investor Reports, Quarterly Reports and Cash Flow Models referenced above, any notice to be given by the Issuer or the Note Trustee to Noteholders shall be given in one of the following ways:

- so long as the Notes are held in DTC or Euroclear or Clearstream, Luxembourg (as applicable) (together, the **Clearing Systems**), by delivery to the relevant Clearing System for communication by it to Noteholders; or
- so long as the Notes are listed on a recognised stock exchange, by delivery in accordance with the notice requirements of that exchange.

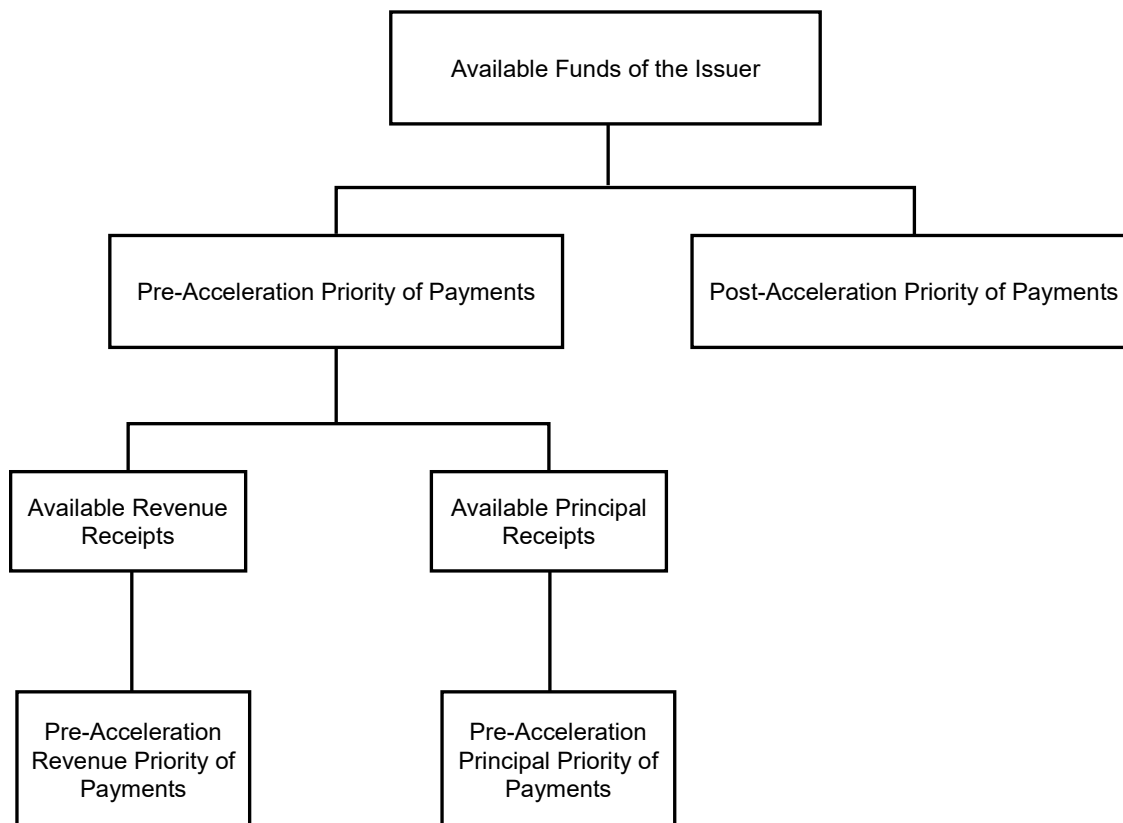
The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities 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.

Notices to the Class Z VFN Holder will be sent to it by the Issuer to the fax number or email address notified to the Issuer from time to time in writing.

See Condition 15 (Notice to Noteholders) for more detail.

## TRANSACTION OVERVIEW – CREDIT STRUCTURE AND CASHFLOW

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



### Available Funds of the Issuer:

The Issuer will have Available Revenue Receipts and Available Principal Receipts for the purposes of making interest and principal payments under the Notes and the other Transaction Documents.

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

- (a) all Principal Receipts or, if in a Determination Period, any Calculated Principal Receipts, in each case, excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date (i) received by the Issuer during the immediately preceding Collection Period (minus (A) an amount equal to the aggregate of all Further Advance Purchase Prices paid by the Issuer in such Collection Period (but excluding from this deduction any Further Advance Purchase Prices paid by the Issuer on an Interest Payment Date (where such Interest Payment Date is also a Monthly Pool Date)) and (B) an amount equal to the aggregate of all Further Advance Purchase Prices to be paid by the Issuer on that Interest Payment Date (where such Interest Payment Date is also a Monthly Pool Date) but in an aggregate amount not exceeding all such Principal Receipts) and (ii) received by the Issuer from the Seller (or, as



applicable, YBS or one of its subsidiaries) during the immediately preceding Collection Period in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller (or, as applicable, YBS or one of its subsidiaries) pursuant to the Mortgage Sale Agreement;

- (b) the amount standing to the credit of the Liquidity Reserve Fund (if established) (to the extent not utilised on such Interest Payment Date pursuant to paragraph (l) of the definition of Available Revenue Receipts);
- (c) (in respect of the first Interest Payment Date only) the amount paid into the GIC Account on the Closing Date from the excess of the proceeds of the Notes (excluding the proceeds of the Class Z VFN used to establish the General Reserve Fund and to pay the initial expenses of the Issuer incurred in connection with the issue of the Notes on the Closing Date (including the initial fees paid to the Currency Swap Provider under the Currency Swap Transaction)) over the Initial Consideration;
- (d) following a Determination Period, any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 5.9(c);
- (e) any amount standing to the credit of the Retained Principal Ledger,

*Less*

- (f) an amount equal to the aggregate of the Contractual Difference Amounts in relation to the SVR Loans, which such amounts shall be deemed to be Available Revenue Receipts (and which such amounts shall not, for the avoidance of doubt, incur entries in the Principal Deficiency Ledger),

*Less*

- (g) any amounts utilised to pay a Revenue Deficiency pursuant to paragraph (m) of the definition of Available Revenue Receipts,

*Plus*

- (h) the amounts (if any) calculated on that Interest Payment Date pursuant to the Pre-Acceleration Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Ledger and/or the Class Z VFN Principal Deficiency Ledger is reduced; and
- (i) on and after the date on which the Class A1 Notes are redeemed in full or after service of a Note Acceleration Notice, the Swap Excess Reserve Release Amount (after conversion into Sterling by the Cash Manager at the Spot Rate).

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

- (a) Revenue Receipts received during the immediately preceding Collection Period or, if in a Determination Period, Calculated Revenue Receipts, in each case, excluding any Reconciliation Amounts to be applied as Available Principal Receipts on that Interest Payment Date;
- (b) interest payable to the Issuer on the Bank Accounts (other than any Collateral Accounts) and income from any Authorised Investments in each case received during the immediately preceding Collection Period;
- (c) amounts received by the Issuer under the Interest Rate Swap Transaction and the Currency Swap Transaction, as applicable (other than (i) any early termination amount received by the Issuer under the Interest Rate Swap Transaction or the Currency Swap Transaction, as applicable, which is to be applied in acquiring a replacement swap, (ii) Excess Collateral or Collateral (except to the extent that the value of such Collateral has been applied, pursuant to the provisions of (A) the Interest Rate Swap Agreement to reduce the amount that would otherwise be payable by the Interest Rate Swap Provider to the Issuer on early termination of the Interest Rate Swap Transaction under the Interest Rate Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the Interest Rate Swap Provider, such Collateral is not to be applied in acquiring a replacement swap in which case such amounts will be included in Available Revenue Receipts or (B) Currency Swap Agreement to reduce the amount that would otherwise be payable by the Currency Swap Provider to the Issuer on early termination of the Currency Swap Transaction and, to the extent so applied in reduction of the amount otherwise payable by the Currency Swap Provider, such Collateral is not to be applied in acquiring a replacement swap in which case such amounts will be included in Available Revenue Receipts), (iii) any Replacement Swap Premium but only to the extent applied directly to pay any termination payment due and payable by the Issuer to the Interest Rate Swap Provider or Currency Swap Provider and (iv) amounts in respect of Tax Credits);
- (d) other net income of the Issuer received during the immediately preceding Collection Period (excluding any Principal Receipts);
- (e) amounts credited to the GIC Account on the immediately preceding Interest Payment Date in accordance with item (m) of the Pre-Acceleration Revenue Priority of Payments;
- (f) following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 5.9(c);
- (g) any amounts deemed to be Available Revenue Receipts in accordance with paragraph (f) of the definition of Available Principal Receipts;
- (h) the amounts standing to the credit of the General Reserve Ledger as at the last day of the immediately preceding Collection Period,

Less

- (i) amounts applied from time to time during the immediately preceding Collection Period in making payment of certain monies which properly belong to third parties (including the Seller) such as (but not limited to):
  - (i) payments of certain insurance premiums provided that such cash amounts have been paid by the relevant Borrower and form part of Revenue Receipts;
  - (ii) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer's account;
  - (iii) payments by the Borrower of any fees (including Early Repayment Fees) and other charges which are due to the Seller; and
  - (iv) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower or the Seller,

(paragraphs (i)(i) and (i)(iv) of the definition of Available Revenue Receipts being collectively referred to herein as **Third Party Amounts**). Third Party Amounts may be deducted by the Cash Manager on a daily basis from the GIC Account, to make payment to the persons entitled thereto except where such payments have already been provided for elsewhere,

*Plus*

- (j) on the Interest Payment Date on which the Class A Notes are fully repaid or otherwise redeemed in full, any amounts standing to the credit of the General Reserve Fund (to the extent not utilised on such Interest Payment Date pursuant to paragraph (h) above),

*Plus*

- (k) any drawings made under the Class Z VFN (at the discretion of the Class Z VFN Holder) to fund any Covid-19 Revenue Shortfall Amount,

*Plus*

- (l) if a Revenue Deficiency occurs such that the aggregate of paragraphs (a) to (h) less (i) plus (j) plus (k) above is insufficient to pay or provide for items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments, the amount then standing to the credit of the Liquidity Reserve Fund (if established) and available to be drawn to the extent necessary to pay such Revenue Deficiency,

*Plus*

- (m) if a Revenue Deficiency occurs such that the aggregate of paragraphs (a) to (h) less (i) plus (j) plus (k) plus (l) above is insufficient to pay or provide for items (a) to (f) of the Pre-Acceleration Revenue Priority of

Payments, Available Principal Receipts in an aggregate amount sufficient to cover such Revenue Deficiency,

*Plus*

- (n) following repayment of the Notes in full, amounts deemed to be Available Revenue Receipts in accordance with item (h) of the Pre-Acceleration Principal Priority of Payments.

**Summary of Priority 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".

Pre-Acceleration Revenue Priority of Payments:	Pre-Acceleration Principal Priority of Payments:	Post-Acceleration Priority of Payments:
(a) Amounts due in respect of the Note Trustee and Security Trustee fees, costs and expenses	(a) Following the date on which YBS ceased to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 or a long-term issuer default rating by Fitch of at least BBB or a short-term issuer default rating by Fitch of at least F2, amounts to be credited to the Liquidity Reserve Fund	(a) Amounts due in respect of the Receiver, the Note Trustee and the Security Trustee fees, costs and expenses
(b) Amounts due in respect of the fees, costs and expenses of the Agent Bank, Paying Agents, Registrar, DTC Custodian, Collateral Account Bank, Corporate Services Provider, Class Z VFN Registrar and Account Bank	(b) In or towards repayment of the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes in an amount equal to the lower of: (A) the product of (x) Available	(b) Amounts due in respect of the fees, costs and expenses of the Agent Bank, Paying Agents, Registrar, DTC Custodian, Collateral Account Bank, Corporate Services Provider, Class Z VFN Registrar and Account Bank
(c) Third party expenses	(c) Amounts due in respect of the fees and costs of the Servicer, Back-Up Servicer Facilitator and Cash Manager	(c) Amounts due in respect of the fees and costs of the Servicer, Cash Manager and the Back-Up Servicer Facilitator
(d) Amounts due in respect of the fees and costs of the Servicer, Back-Up Servicer Facilitator and Cash Manager		
(e) Amounts due to the Interest Rate		

	Swap Provider (excluding any Interest Rate Swap Excluded Termination Amounts)		Principal Receipts after the payment of item (a) of the Pre-Acceleration Principal Priority of Payments and (y) the Class A1 Ratio, and (B) the amount required to reduce the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes by the Class A1 Target Amortisation Amount for such Interest Payment Date <sup>(2)</sup>	(d)	Amounts due to the Interest Rate Swap Provider (excluding any Interest Rate Swap Excluded Termination Amounts)
(f)	(i) Sterling equivalent of Interest due on the Class A Notes <sup>(1)</sup> and (ii) amounts due to the Currency Swap Provider (excluding exchange amounts and any Currency Swap Excluded Termination Amount)			(e)	<i>Pro rata</i> and <i>pari passu</i> , interest and principal amounts due on the Class A Notes <sup>(4)</sup> and (ii) amounts due to the Currency Swap Provider (excluding exchange amounts and any Currency Swap Excluded Termination Amount)
(g)	Amounts to be credited to the Class A Principal Deficiency Ledger	(c)	In or towards repayment of the Principal Amount Outstanding on the Class A2 Notes in an amount equal to the lower of (A) the product of (x) Available Principal Receipts available after the payment of item (a) of the Pre-Acceleration Principal Priority of Payments and (y) the Class A2 Ratio, and (B) the amount required to reduce the Principal Amount Outstanding of the Class A2 Notes by the Class A2 Target Amortisation	(f)	Amounts due in respect of principal and interest on the Class Z VFN
(h)	Amounts to be credited to the General Reserve Ledger			(g)	Interest Rate Swap Excluded Termination Amounts and Currency Swap Excluded Termination Amounts
(i)	Amounts to be credited to the Class Z VFN Principal Deficiency Ledger			(h)	Issuer Profit Amount
(j)	Interest due on the Class Z VFN			(i)	Deferred
(k)	Issuer Profit Amount				
(l)	Interest Rate Swap Excluded Termination Amounts and Currency Swap Excluded				

	Termination Amounts		Amount for such Interest Payment Date	Consideration
(m)	If such Interest Payment Date falls within a Determination Period, then the excess (if any) to the GIC Account	(d)	if any Class A1 Notes remain outstanding following the Class A1 Sterling Equivalent Redemption Date, to redeem the Class A1 Notes in full; <sup>(3)</sup>	
(n)	To repay the Class Z VFN up to the amount by which the balance of the General Reserve Fund at the immediately preceding Interest Payment Date exceeds the balance of the General Reserve Fund at the current Interest Payment Date;	(e)	In or towards repayment of the Principal Amount Outstanding on the Class A3 Notes in an amount equal to the amount required to reduce the Principal Amount Outstanding of the Class A3 Notes by the Class A3 Target Amortisation Amount for such Interest Payment Date	
(o)	So long as no Class A Notes remain outstanding, principal amounts due on the Class Z VFN			
(p)	Deferred Consideration	(f)	if such Interest Payment Date falls in the Further Sale Period, applied (i) to the payment of any purchase price for any Additional Loans on such Interest Payment Date and (ii) any remaining amount to be credited to the Retained	

Principal Ledger

- (g) Principal amounts due on the Class Z VFN
- (h) Amounts to be applied as Available Revenue Receipts

**Notes:**

(1) For the purposes of making such payments in respect of the Class A1 Notes: (i) the Cash Manager shall transfer to the Currency Swap Provider the relevant fixed or floating rate amount due under the Currency Swap Agreement and the Currency Swap Provider shall transfer the corresponding fixed or floating rate amount in dollars, or (ii) if there is no Currency Swap Agreement in force, the Cash Manager shall convert an amount equal to the GBP Equivalent of interest due on the Class A1 Notes into dollars at the applicable Spot Rate and the Cash Manager shall transfer the amounts received following such conversion to the relevant Paying Agent for the account of the Class A1 Noteholders.

(2) For purposes of making such payments: (i) the Cash Manager shall transfer to the Currency Swap Provider the relevant Sterling exchange amount due under the Currency Swap Agreement and the Currency Swap Provider shall transfer the corresponding dollar exchange amount in dollars; or (ii) if there is no Currency Swap Agreement in force, the Cash Manager shall convert an amount equal to the applicable share of the Available Principal Receipts into dollars at the prevailing Spot Rate and the Cash Manager shall transfer the amounts received following such conversion to pay principal on the Class A1 Notes up to the Class A1 Target Amortisation Amount and to pay any Principal Excess Amounts to the Swap Excess Reserve Account. If the original Currency Swap Agreement has been terminated, for the purpose of paying such amount to the relevant Currency Swap Provider or making such conversion, the Cash Manager shall pay or convert, as applicable, an amount in Sterling calculated as if the Original Exchange Rate still applied.

(3) For the purposes of making such payments in respect of the Class A1 Notes: (i) the Cash Manager shall transfer to the Currency Swap Provider the relevant Sterling exchange amount due under the Currency Swap Agreement and the Currency Swap Provider shall transfer the corresponding dollar exchange amount in dollars to the relevant Paying Agent for the account of the Class A1 Noteholders, or (ii) if there is no Currency Swap Agreement in force, the Cash Manager shall convert an amount equal to the applicable share of the Available Principal Receipts into dollars at the prevailing Spot Rate and the Cash Manager shall transfer such amounts received following such conversion.

(4) For purposes of making such payments in respect of the Class A1 Notes, the Cash Manager shall convert the relevant amount (calculated on a *pro rata* and *pari passu* basis with amounts due and payable on the other Class A Notes) into dollars either pursuant to the Currency Swap Agreement, or if the Currency Swap Agreement has been terminated, at the Spot Rate and the Cash Manager shall transfer the amounts received following such conversion.

**General Credit Structure:**

The general credit structure of the transaction includes, broadly speaking, the following elements:

- availability of the **General Reserve Fund**, which will be deposited in the GIC Account and will be funded on the Closing Date by the Class Z VFN up to the General Reserve Required Amount from a portion of the

proceeds of the Class Z VFN Holder's subscription of the Class Z VFN. Monies standing to the credit of the General Reserve Fund will be used as Available Revenue Receipts on each Interest Payment Date. After the Closing Date, the General Reserve Fund will be replenished up to the General Reserve Required Amount on each Interest Payment Date from Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments (see section "Credit Structure – General Reserve Fund and General Reserve Ledger" for further details);

- following the date on which YBS ceases to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 or a long-term issuer default rating by Fitch of at least BBB or a short-term issuer default rating by Fitch of at least F2, availability of the Liquidity Reserve Fund funded by the Available Principal Receipts up to the Liquidity Reserve Fund Required Amount which will be applied as Available Revenue Receipts to the extent necessary to pay senior expenses and interest payments on the Class A Notes in accordance with the Pre-Acceleration Revenue Priority of Payments on each Interest Payment Date. The Liquidity Reserve Fund will be deposited in the GIC Account and will be funded from time to time up to the Liquidity Reserve Fund Required Amount following the date on which YBS ceases to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 or a long-term issuer default rating by Fitch of at least BBB or a short-term issuer default rating by Fitch of at least F2 from Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments. The Principal Deficiency Ledger will be debited on each Interest Payment Date by an amount equal to the amount drawn from the Liquidity Reserve Fund on that date (if any). The Liquidity Reserve Fund will be applied by the Issuer as Principal Receipts on the earlier of the Interest Payment Date falling on or prior to the Final Maturity Date and the date on which all Class A Notes have been redeemed in full (see section "Credit Structure – Liquidity Reserve Fund and Liquidity Reserve Ledger" for further details);
- a Principal Deficiency Ledger will be established for each Class of Notes to record the notional principal losses corresponding to each Class of Notes in reverse sequential order. Available Revenue Receipts will be applied in accordance with the relevant Priority of Payment to make up the relevant Principal Deficiency Ledger in sequential order (see section "Credit Structure – Principal Deficiency Ledgers" for further details);
- availability of guaranteed investment rate provided by the GIC Provider in respect of monies held in the GIC Account (see section "Credit Structure – GIC Account" for further details);
- the application in certain circumstances of Principal Receipts to provide for any Revenue Deficiency in the Available Revenue Receipts (see section "Credit Structure – Application of Principal Receipts to pay Revenue Deficiency" for further details);



- during the Further Sale Period, the application of amounts standing to the credit of the Retained Principal Ledger as Available Principal Receipts to fund: (i) any Class A Target Amortisation Amount Shortfall; and (ii) the purchase of Additional Loans by the Issuer on any Further Sale Date during the Further Sale Period. On the Interest Payment Date immediately following the end of the Further Sale Period, all amounts standing to the credit of the Retained Principal Ledger shall be applied as Available Principal Receipts and as of and from such date there shall be no requirement to maintain the Retained Principal Ledger (see section "Credit Structure – Applying amounts standing to the credit of the Retained Principal Ledger" for further details);
- the reallocation of any Contractual Difference Amounts from Available Principal Receipts to Available Revenue Receipts (see section "Credit Structure – Use of Principal Receipts in the event of any Contractual Difference Amounts" for further details);
- availability of an Interest Rate Swap Transaction provided by the Interest Rate Swap Provider to hedge against the possible variance between the fixed rates of interest received on the Fixed Rate Loans in the Portfolio and the rates of interest payable on the Notes (see section "Credit Structure – Interest Rate Risk for the Notes" for further details);
- availability of a currency swap provided by the Currency Swap Provider to hedge against (i) the currency mismatch and possible variance between the Revenue Receipts received in respect of the Portfolio and the dollar interest amounts due in respect of the Class A1 Notes; and (ii) the currency mismatch between the Principal Receipts received in respect of the Portfolio and the dollar principal amounts due on the Class A1 Notes (see section "Credit Structure – Currency and Interest Rate Risk for the Class A1 Notes" for further details);
- on an Interest Payment Date, the Class Z VFN Holder may (at its sole discretion) make available further drawings under the Class Z VFN for the purpose of funding individually any Class A1 Target Amortisation Amount Shortfall, any Class A2 Target Amortisation Amount Shortfall or any Class A3 Target Amortisation Amount Shortfall. Any such drawings shall be paid directly to the Principal Paying Agent, U.S. Paying Agent or Currency Swap Provider (as applicable) for the account of the Class A1 Noteholders and/or the Class A2 Noteholders and/or the Class A3 Noteholders (as applicable) to be paid together with such payments made pursuant to the Pre-Acceleration Principal Priority of Payments, but will not be applied to Available Principal Receipts; and
- on an Interest Payment Date, the Class Z VFN Holder may (at its sole discretion) make available further drawings under the Class Z VFN for the purpose of funding any Covid-19 Revenue Shortfall Amount. Any such amounts shall be applied on the relevant Interest Payment Date as Available Revenue Receipts.

**Bank Accounts:**

The Issuer will enter into the Bank Account Agreement with the Account Bank

on the Closing Date in respect of the Transaction Account and the GIC Account and any additional accounts to be established by the Issuer pursuant to the Bank Account Agreement. In the event of a termination of the original Currency Swap Agreement, the Cash Manager shall, in the name of the Issuer, open a dollar account with the Account Bank (the **Swap Excess Reserve Account**) as soon as reasonably practicable following such termination.

The Issuer will enter into the Collateral Account Bank Agreement with the Collateral Account Bank on the Closing Date in respect of the Collateral Accounts and any additional accounts to be established by the Issuer pursuant to the Collateral Account Bank Agreement (the **Transaction Account**, together with the GIC Account, the Collateral Accounts, any Swap Excess Reserve Account and any additional accounts established by the Issuer pursuant to the Bank Account Agreement or the Collateral Account Bank Agreement, the **Bank Accounts**).

Collections of revenue and principal in respect of the Loans in the Portfolio are received by the Seller in its collection account(s). The Seller (and, where relevant, the Servicer) is obliged to transfer collections in respect of the Loans in the Portfolio to the GIC Account from the collection account(s) on a daily basis.

**Cash Management:**

Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer. The Cash Manager's principal function will be effecting payments to and from the GIC Account, any Collateral Account or the Transaction Account (as the case may be). In addition, the Cash Manager will:

- (a) provide the Issuer, the Security Trustee, the Seller, the Currency Swap Provider and the Rating Agencies with the Investor Report within ten Business Days of each Monthly Pool Date, with such Investor Report being published on YBS' website and by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the UK Securitisation Regulation and Article 10 of the EU Securitisation Regulation (solely as it applies on the Closing Date), as applicable) by means of the Reporting Websites on or around the end of each calendar month and as such will be available to the Class A Noteholders and the Interest Rate Swap Provider and to provide and publish reports and data as required under Article 7 of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date). None of the reports or the websites or the contents thereof form part of this Prospectus;
- (b) calculate the Available Revenue Receipts and Available Principal Receipts of the Issuer;
- (c) calculate any Revenue Deficiency, Class A1 Target Amortisation Amount Shortfall, Class A2 Target Amortisation Amount Shortfall, Class A3 Target Amortisation Amount Shortfall and any Initial Revenue Shortfall, Covid-19 Payment Deferral Amount and Covid-19 Revenue Shortfall Amount;

- (d) apply, or cause to be applied, Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments and Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments (including, during the Further Sale Period and in relation to an Interest Payment Date immediately following a Further Sale Date, towards the purchase price of any Additional Loans);
- (e) if required by the Security Trustee, apply, or cause to be applied, Available Revenue Receipts and Available Principal Receipts in accordance with the Post-Acceleration Priority of Payments;
- (f) record credits to, and debits from, the General Reserve Ledger, the Revenue Ledger, the Retained Principal Ledger, the Issuer Profit Ledger, the Principal Deficiency Ledger, the Principal Ledger and the Liquidity Reserve Ledger as and when required;
- (g) make payments of the consideration for a Further Advance to the Seller;
- (h) make a drawing under the Class Z VFN as required, including, without limitation, any drawing required: (i) to fund the Further Advance Purchase Price; or (ii) (at the sole discretion of the Class Z VFN Holder) to fund any Class A1 Target Amortisation Amount Shortfall, any Class A2 Target Amortisation Amount Shortfall or any Class A3 Target Amortisation Amount Shortfall in respect of the Class A Notes subject to the restrictions set forth in "Class Z VFN Holder's discretionary rights to fund Class A Target Amortisation Amounts and Revenue Shortfalls"; or (iii) (at the sole discretion of the Class Z VFN Holder) to fund any Covid-19 Revenue Shortfall Amount;
- (i) make any determinations required to be made by the Issuer under the Interest Rate Swap Transaction and the Currency Swap Transaction;
- (j) establish one or more Collateral Accounts with the Collateral Account Bank under the Collateral Account Bank Agreement or with any additional Collateral Account Bank that may be appointed and credit all Collateral to the relevant Collateral Account;
- (k) as soon as reasonably practicable following the termination of the original Currency Swap Agreement, establish the Swap Excess Reserve Account in the name of the Issuer with the Account Bank;
- (l) make any determinations and calculations in respect of the Reconciliation Amount, if necessary;
- (m) where applicable, invest amounts standing to the credit of the GIC Account in Authorised Investments;
- (n) reallocate any Contractual Difference Amounts from Available Principal Receipts to Available Revenue Receipts;
- (o) if, in relation to any proposed action, it is required to certify to the Note

Trustee and the Security Trustee that such action would not have an adverse effect on the rating of the Class A Notes, it will promptly notify the Rating Agencies of such action and put itself in a position to provide the necessary certification;

- (p) on behalf of the Issuer, perform any portfolio reconciliation and dispute resolution risk mitigation techniques and carry out the reporting requirements required by UK EMIR and/or EU EMIR;
- (q) on behalf of the Issuer, carry out the information disclosure requirements set out in Article 15 of Regulation (EU) 2015/2365 (**SFTR**) in relation to any relevant collateral arrangement (as defined in the SFTR) entered into by the Issuer, and any ancillary activities to such information disclosure requirements;
- (r) in the event of the termination of the original Currency Swap Agreement, calculate on each Interest Payment Date the Deemed Principal Amount Outstanding;
- (s) in the event of the termination of the original Currency Swap Agreement, pay any Principal Excess Amounts to the Swap Excess Reserve Account;
- (t) in the event of the termination of the original Currency Swap Agreement, pay any Principal Shortfall Amounts from amounts credited to the Swap Excess Reserve Account and, following the redemption of the Class A1 Notes, apply any Swap Excess Reserve Release Amounts as Available Principal Receipts;
- (u) in the event of the termination of the Interest Rate Swap Transaction or the Currency Swap Transaction on or prior to the date when the Notes (or in respect of the Currency Swap Transaction, the Class A1 Notes) have been repaid in full, the Cash Manager shall use reasonable endeavours to purchase a replacement interest rate swap or currency swap, as applicable (taking into account any early termination payment received from or payable to the Interest Rate Swap Provider or Currency Swap Provider, as applicable), on terms acceptable to the Issuer, and which are acceptable to the relevant Rating Agencies, with a swap provider, whom the Issuer shall have notified to the relevant Rating Agencies; and
- (v) on behalf of the Issuer, if there is no Currency Swap Agreement in place, convert an amount equal to the applicable share of the Available Principal Receipts into dollars at the applicable Spot Rate (booked for conversion for value on that Interest Payment Date) and transfer the amounts received following such conversion to the relevant Paying Agent for the account of the holders of the Class A1 Notes.

**Summary of key Interest Rate Swap Transaction Terms:**

On or about the Closing Date, the Interest Rate Swap Provider will enter into the Interest Rate Swap Transaction under the Interest Rate Swap Agreement.

Payments received by the Issuer under certain of the Loans will be subject to fixed rates of interest. The interest amounts payable by the Issuer in respect of

the Notes will be calculated by reference to Compounded Daily SONIA (or, with respect to the Class A1 Notes, a fixed rate prior to the Step-Up Date and Compounded Daily SOFR thereafter). Pursuant to the Interest Rate Swap Transaction the Issuer will enter into a swap to hedge against the possible variance between the fixed rates of interest received on the Fixed Rate Loans in the Portfolio and the rates of interest payable on the Notes (other than the Class A1 Notes).

The Interest Rate Swap Transaction has the following key commercial terms:

**Fixed Rate Notional Amount:** in respect of any Swap Calculation Period will be an amount in Sterling equal to the product of (i) the aggregate Current Balance of the Fixed Rate Loans in the Portfolio on the last calendar day of the calendar month in which such Swap Calculation Period begins and (ii) the applicable Performance Ratio on the last calendar day of the calendar month in which such Swap Calculation Period begins.

The Fixed Rate Notional Amount will reduce to zero when the Class A Notes are redeemed in full.

**Issuer payment:** for each Interest Period falling prior to the Termination Date, the sum, for each Swap Calculation Period ending in that Interest Period, of the amounts produced by applying the weighted average of the fixed rates of interest charged in respect of the Fixed Rate Loans as of the last calendar day of each calendar month in which each such Swap Calculation Period begins to the Fixed Rate Notional Amount for each such Swap Calculation Period and multiplying the resulting amount by the applicable day count fraction specified in the Interest Rate Swap Transaction provided that in respect of the first calendar month, such amount shall be zero.

**Interest Rate Swap Provider payment:** for each Interest Period falling prior to the Termination Date, the sum, for each Swap Calculation Period ending in that Interest Period, of the amounts produced by applying a rate equal to Compounded Daily SONIA (as determined under the Interest Rate Swap Transaction) plus 1.90% for the relevant Interest Period to the Fixed Rate Notional Amount for each such Swap Calculation Period and multiplying the resulting amount by the applicable day count fraction specified in respect of the Interest Rate Swap Transaction.

**Frequency of Payment:** each Interest Payment Date.

**Swap Calculation Period:** each period from, and including, the 16th calendar day of each month to, but excluding, the 16th calendar day of the next following month, except that (i) the initial Swap Calculation Period will commence on, and include, the Closing Date and (ii) the final Swap Calculation Period will end on, but exclude, the Termination Date.

**Termination Date:** 31 October 2031.

See section "Credit Structure – Interest Rate Risk for the Notes – Interest Rate Swap Transaction" for further details.

## Summary of key

On or about the Closing Date, the Currency Swap Provider will enter into the

**Currency Swap  
Transaction Terms:**

Currency Swap Agreement.

Payments received by the Issuer under some of the Loans in the Portfolio will be subject to variable rates of interest and, pursuant to the Interest Rate Swap Transaction, the Issuer will swap the fixed rates of interest received by the Issuer under the Fixed Rate Loans for Compounded Daily SONIA (as determined under the Interest Rate Swap Transaction). The interest amounts payable by the Issuer in respect of the Class A1 Notes will be fixed prior to the Step-Up Date and calculated by reference to Compounded Daily SOFR thereafter. Amounts received by the Issuer under the Loans (Principal Receipts and Revenue Receipts) and the Interest Rate Swap Transaction are in Sterling. The interest and principal amounts payable by the relevant Paying Agent in respect of the Class A1 Notes are in dollars.

Pursuant to the Currency Swap Agreement, the Issuer will enter into a swap transaction to hedge against: (i) the currency mismatch and possible variance between the Revenue Receipts received in respect of the Portfolio and the dollar interest amounts due in respect of the Class A1 Notes; and (ii) the currency mismatch between the Principal Receipts received in respect of the Portfolio and the dollar principal amounts due on the Class A1 Notes (the **Currency Swap Transaction**).

Under the terms of the Currency Swap Agreement, the Issuer will pay to the Currency Swap Provider:

- (a) on the Closing Date, the dollar proceeds received on the issue of the Class A1 Notes;
- (b) on each Interest Payment Date, an amount in Sterling calculated by reference to Compounded Daily SONIA (as determined under the Currency Swap Transaction) plus a spread of, prior to the Step-Up Date, 0.50% per annum and, from the Step-Up Date, 1.218% per annum on the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes on the first day of the relevant Interest Period (such dollar Principal Amount Outstanding to be converted into Sterling at the Original Exchange Rate specified in the Currency Swap Agreement); and
- (c) on:
  - (i) each Interest Payment Date on which principal amounts are to be paid in respect of the Class A1 Notes (other than the date on which the Class A1 Notes are redeemed in full), an amount in Sterling available to be applied in repayment of principal on the Class A1 Notes on that Interest Payment Date in accordance with the Pre-Acceleration Principal Priority of Payments; and
  - (ii) the Interest Payment Date on which the Class A1 Notes are redeemed in full (including in respect of the Issuer exercising an optional right to redeem the Class A1 Notes in full), an amount in Sterling equivalent to the dollar Principal Amount Outstanding on such date in respect of the Class A1 Notes

(such dollar Principal Amount Outstanding to be converted into Sterling at the Original Exchange Rate specified in the Currency Swap Agreement).

Under the terms of the Currency Swap Agreement, the Currency Swap Provider will pay to the relevant Paying Agent:

- (a) on the Closing Date, an amount in Sterling equal to the dollar proceeds of the issue of the Class A1 Notes (such proceeds to be converted into Sterling at the Original Exchange Rate specified in the Currency Swap Agreement);
- (b) on each Interest Payment Date, an amount in dollars (i), prior to the Step-Up Date, of 0.669% per annum and (ii) from the Step-Up Date, calculated by reference to Compounded Daily SOFR plus a margin of 1.14% per annum, in each case on the dollar Principal Amount Outstanding of the Class A1 Notes on the first day of the relevant Interest Period; and
- (c) on:
  - (i) each Interest Payment Date on which principal amounts are to be paid in respect of the Class A1 Notes (other than the date on which the Class A1 Notes are redeemed in full), an amount in dollars equivalent to the Sterling amounts available to be applied in repayment of principal on the Class A1 Notes on that Interest Payment Date (such Sterling amounts to be converted into dollars at an exchange rate specified in the Currency Swap Agreement); and
  - (ii) the Interest Payment Date on which the Class A1 Notes are redeemed in full (including in respect of the Issuer exercising an optional right to redeem the Class A1 Notes in full), the dollar Principal Amount Outstanding on such date in respect of the Class A1 Notes.

The relevant dollar/Sterling exchange rate under the Currency Swap Agreement will be determined on or prior to the Closing Date.

The Currency Swap Transaction will terminate on the Final Maturity Date.

See section "Credit Structure – Currency and Interest Rate Risk for the Class A1 Notes – Currency Swap" for further details.

## TRANSACTION OVERVIEW – TRIGGERS TABLES

### Rating Triggers Table

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
<b>Cash Manager</b>	<p>Ceasing to be assigned a counterparty risk assessment by Moody's of at least Baa3(cr) (or (i) such other lower risk assessment which is consistent with the then current methodology of Moody's, (ii) such other lower risk assessment that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes or (iii) such other lower risk assessment as the Note Trustee may (but shall not be obliged to) agree).</p>	<p>Under the Cash Management Agreement the Cash Manager shall, within 60 days, use best efforts to appoint a back-up cash manager which meets the requirements for a substitute cash manager provided for by the Cash Management Agreement.</p>
<b>Seller</b>	<p>(a) The short-term unsecured, unguaranteed and unsubordinated debt obligation rating of the Seller or (where the Seller does not have an independent rating) YBS falls below P-2 by Moody's or the short-term issuer default rating of the Seller or (where the Seller does not have an independent rating) YBS falls below F-2 by Fitch, respectively as at a Monthly Pool Date (or (i) such other lower rating which is consistent with the then current methodology of the relevant Rating Agency, (ii) such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes or (iii) such other lower rating as the Note Trustee may (but shall not be obliged to) agree);</p>	<p>(a) The Seller must provide to the Issuer and the Security Trustee a solvency certificate (in form and substance acceptable to the Security Trustee), in accordance with the terms of the Mortgage Sale Agreement.</p>



Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
(b)	<p>The long-term unsecured, unguaranteed and unsubordinated debt obligation rating of the Seller or (where the Seller does not have an independent rating) YBS falls below Baa3 by Moody's or the long-term issuer default rating of the Seller or (where the Seller does not have an independent rating) YBS falls below BBB- from Fitch (or (i) such other lower rating which is consistent with the then current methodology of the relevant Rating Agency, (ii) such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes or (iii) such other lower rating as the Note Trustee may (but shall not be obliged to) agree).</p>	(b)
		<p>The Seller (unless Moody's and/or, as the context may require, Fitch, as applicable, confirms that the current ratings of the Class A Notes will not be adversely affected) will deliver to the Issuer details of the names and addresses of the Borrowers with Loans then in the Portfolio, which may be provided in a document stored upon electronic media and a draft letter of notice to such Borrowers of the sale and assignment of those Loans and the Related Security to the Issuer.</p>
(c)	<p>The long-term unsecured, unguaranteed and unsubordinated debt obligation rating of the Seller or (where the Seller does not have an independent rating) YBS falls below Baa3 (or (i) such other lower risk assessment which is consistent with the then current methodology of Moody's or (ii) such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes or (iii) such other lower rating as the Note Trustee may (but shall not be obliged to) agree (in each case, unless Moody's and/or, as the context may require, Fitch, as applicable,</p>	(c)
		<p>The Seller shall deliver an update of such information required as mentioned in paragraph (b) above to the same parties on a monthly basis thereafter.</p>

<b>Transaction Party</b>	<b>Required Ratings</b>	<b>Contractual requirements on occurrence of breach of ratings trigger include the following:</b>
<b>Servicer</b>	<p>confirms that the current ratings of the Class A Notes will not be adversely affected)).</p> <p>(a) Ceasing to be assigned a counterparty risk assessment by Moody's of at least Baa3(cr) (or (i) such other lower risk assessment which is consistent with the then current methodology of Moody's, (ii) such other lower risk assessment that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes or (iii) such other lower risk assessment as the Note Trustee may (but shall not be obliged to) agree).</p> <p>(b) Ceasing to be assigned a long-term issuer default rating by Fitch of at least BBB- (or (i) such other lower rating which is consistent with the then current rating methodology of Fitch, (ii) such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes or (iii) such other lower rating as the Note Trustee may (but shall not be obliged to) agree).</p>	<p>(a) The Servicer, with the assistance of the Back-Up Servicer Facilitator, shall, within 60 days, use reasonable endeavours to enter into a back-up servicing agreement with a back-up servicer with suitable experience and credentials in such form as the Issuer and the Security Trustee shall reasonably require, subject to and in accordance with the Servicing Agreement.</p> <p>(b) The Servicer shall, with the assistance of the Back-Up Servicer Facilitator, within 60 days, use reasonable endeavours to enter into a back-up servicing agreement with a back-up servicer with suitable experience and credentials in such form as the Issuer and the Security Trustee shall reasonably require, subject to and in accordance with the Servicing Agreement.</p>
<b>Interest Rate Swap Provider</b>	<p>For as long as the Class A Notes are rated by Moody's and Fitch respectively:</p> <p>(a) (i) either the counterparty risk assessment of the Interest Rate Swap Provider must be rated at least A3(cr) by Moody's or the long-term, unsecured and unsubordinated</p>	<p>(a) The consequences of breach of the First Required Ratings include the requirement for the Interest Rate Swap Provider to provide collateral (within 14 calendar days of breach if such</p>

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
<p>debt or counterparty obligations of the Interest Rate Swap Provider must be rated A3 or above by Moody's; and (ii) the short-term issuer default rating of the Interest Rate Swap Provider must be rated at least F1 or the long-term issuer default rating or, if assigned, the derivative counterparty rating of the Interest Rate Swap Provider must be at least A by Fitch (the <b>First Required Ratings</b>).</p>	<p>breach is in respect of the rating by Fitch or within 30 Local Business Days (as defined in the Interest Rate Swap Agreement) of breach if such breach is in respect of the risk assessment by Moody's). The Interest Rate Swap Provider may also transfer its rights and obligations under the Interest Rate Swap Agreement to a replacement interest rate swap provider, procure another person to become co-obligor or guarantor of such Interest Rate Swap Provider's obligations or take such action (or inaction) that would result in the rating of the Class A Notes being maintained at, or restored to, the level it would have been at prior to breach, in each case, within the time periods specified in the Interest Rate Swap Agreement.</p>	
<p>(b) If the Interest Rate Swap Provider breaches the First Required Ratings, but complies with the relevant contractual requirements that apply on the occurrence of such breach, then: (i) if such breach is in respect of the relevant Moody's required risk assessment, then either the counterparty risk assessment of the Interest Rate Swap Provider must be rated at least Baa1(cr) by Moody's or the long-term, unsecured and unsubordinated debt or counterparty obligations of the Interest Rate Swap Provider must be rated Baa1 or above by Moody's; and (ii) if such breach is in respect of the relevant Fitch required ratings, then the short-term issuer default rating of the Interest</p>	<p>(b) The consequences of breach of the Secondary Ratings Criteria include the requirements for the Interest Rate Swap Provider to (i) transfer its rights and obligations under the Interest Rate Swap Agreement to a replacement interest rate swap provider, procure another person to become co-obligor or guarantor of such Interest Rate Swap Provider's obligations or take such action (or inaction) that would result in the rating of the Class A Notes being maintained at, or restored to, the level it would have been at prior to breach of the Secondary Ratings Criteria (in each case, within the time periods specified in the Interest Rate Swap Agreement) and (ii) pending such replacement or</p>	

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
Currency Provider	<p data-bbox="552 353 932 622">Rate Swap Provider must be at least F3 or the long-term issuer default rating or, if assigned, the derivative counterparty rating of the Interest Rate Swap Provider must be at least BBB- by Fitch (the <b>Secondary Ratings Criteria</b>).</p> <p data-bbox="456 801 932 898">If the Class A Notes are downgraded, the required ratings of the Interest Rate Swap Provider may be lower.</p> <p data-bbox="357 1144 932 1240">For as long as the Class A1 Notes are rated by Moody's and Fitch respectively:</p> <p data-bbox="456 1279 932 2002">(i) either the counterparty risk assessment of the Currency Swap Provider must be rated at least A3(cr) by Moody's or the long-term, unsecured and unsubordinated debt or counterparty obligations of the Currency Swap Provider must be rated A3 or above by Moody's; and (ii) the short-term issuer default rating of the Currency Swap Provider must be rated at least F1+ (if the Fitch Highly Rated Thresholds apply) or F1 (if the Fitch Highly Rated Thresholds do not apply) or the long-term issuer default rating or, if assigned, the derivative counterparty rating of the Currency Swap Provider must be at least AA- (if the Fitch Highly Rated Thresholds apply) or A (if the Fitch Highly Rated Thresholds do not apply) by Fitch (the <b>Currency Swap First Required Ratings</b>).</p>	<p data-bbox="1054 353 1449 763">procurement of another person to become guarantor or co-obligor or other action, provide collateral (within 14 calendar days of breach if such breach is in respect of the rating by Fitch or within 30 Local Business Days (as defined in the Interest Rate Swap Agreement) of breach if such breach is in respect of the risk assessment by Moody's).</p> <p data-bbox="959 801 1449 1106">If none of the remedial measures set out in paragraph (a) or (b) above is taken within the timeframes stipulated in the Interest Rate Swap Agreement, the Interest Rate Swap Transaction may be terminated early and a termination payment may become payable either by the Issuer or the Interest Rate Swap Provider.</p> <p data-bbox="959 1279 1449 2033">The consequences of breach of the Currency Swap First Required Ratings include the requirement for the Currency Swap Provider to provide collateral (within 14 calendar days (if the Fitch Highly Rated Thresholds do not apply) or 60 calendar days (if the Fitch Highly Rated Thresholds apply) of breach if such breach is in respect of the rating by Fitch or within 30 Local Business Days (as defined in the Currency Swap Agreement) of breach if such breach is in respect of the risk assessment by Moody's). The Currency Swap Provider may also transfer its rights and obligations under the Currency Swap Agreement to a replacement currency swap provider, procure another person to become co-obligor or guarantor of such Currency Swap Provider's obligations or take such action (or inaction) that would result in the rating</p>

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
<p>If the Currency Swap Provider breaches the Currency Swap First Required Ratings, but complies with the relevant contractual requirements that apply on the occurrence of such breach, then: (i) if such breach is in respect of the relevant Moody's required risk assessment, then either the counterparty risk assessment of the Currency Swap Provider must be rated at least Baa1(cr) by Moody's or the long-term, unsecured and unsubordinated debt or counterparty obligations of the Currency Swap Provider must be rated Baa1 or above by Moody's; and (ii) if such breach is in respect of the relevant Fitch required ratings, then the short-term issuer default rating of the Currency Swap Provider must be at least F1+ (if the Fitch Highly Rated Thresholds apply) or F3 (if the Fitch Highly Rated Thresholds do not apply) or the long-term issuer default rating or, if assigned, the derivative counterparty rating of the Currency Swap Provider must be at least AA- (if the Fitch Highly Rated Thresholds apply) or BBB- (if the Fitch Highly Rated Thresholds do not apply) by Fitch (the <b>Currency Swap Secondary Ratings Criteria</b>).</p>	<p>of the Class A1 Notes being maintained at, or restored to, the level it would have been at prior to breach, in each case, within the time periods specified in the Currency Swap Agreement.</p>	<p>The consequences of breach of the Currency Swap Secondary Ratings Criteria include the requirements for the Currency Swap Provider to (i) transfer its rights and obligations under the Currency Swap Agreement to a replacement currency swap provider, procure another person to become co-obligor or guarantor of such Currency Swap Provider's obligations or take such action (or inaction) that would result in the rating of the Class A1 Notes being maintained at, or restored to, the level it would have been at prior to breach of the Currency Swap Secondary Ratings Criteria (in each case, within the time periods specified in the Currency Swap Agreement) and (ii) pending such replacement or procurement of another person to become guarantor or co-obligor or other action, provide collateral (within 14 calendar days (if the Fitch Highly Rated Thresholds do not apply) or 60 calendar days (if the Fitch Highly Rated Thresholds apply) of breach if such breach is in respect of the rating by Fitch or within 30 Local Business Days (as defined in the Currency Swap Agreement) of breach if such breach is in respect of the risk assessment by Moody's).</p>
<p>The <b>Fitch Highly Rated Thresholds</b> will apply with respect to the Currency Swap Provider: (i) unless (and until) the Currency Swap Provider notifies the Issuer, the Security Trustee and the Cash Manager (with a copy to Fitch) that the Fitch Highly Rated Thresholds are not to apply; and (ii) if, subsequent to the Fitch Highly Rated Thresholds ceasing to apply upon the Currency</p>	<p>If none of the remedial measures set out in paragraph (a) or (b) above is taken within the timeframes stipulated in the Currency Swap Agreement, the Currency Swap Transaction may be terminated early and a termination payment may become payable either by the Issuer or the Currency Swap Provider.</p>	

<b>Transaction Party</b>	<b>Required Ratings</b>	<b>Contractual requirements on occurrence of breach of ratings trigger include the following:</b>
	<p>Swap Provider giving a notice under (i), the short-term issuer default rating of the Currency Swap Provider is at least F1+ or the long-term issuer default rating or, if assigned, the derivative counterparty rating of the Currency Swap Provider is at least AA-, from the date on which the Currency Swap Provider notifies the Issuer, the Security Trustee and the Cash Manager (with a copy to Fitch) that the Fitch Highly Rated Thresholds are to apply.</p> <p>If the Class A1 Notes are downgraded, the required ratings of the Currency Swap Provider may be lower.</p>	
<b>Account Bank and GIC Provider</b>	<p>A short-term issuer default rating of at least F1 or a deposit rating (or if a deposit rating is not available, a long-term issuer default rating) of at least A by Fitch and a long-term bank deposit rating of at least A3 by Moody's (or (i) such other rating which is consistent with the then current rating methodology of the relevant Rating Agency, (ii) such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes or (iii) such other lower rating as the Note Trustee may (but shall not be obliged to) agree).</p>	<p>The consequences of breach are that the Issuer will be required (within 60 calendar days) to arrange for the transfer (at its own cost) of the Transaction Account and the GIC Account to an appropriately rated bank or financial institution on substantially similar terms to those set out in the Bank Account Agreement in order to maintain the ratings of the Notes at their then current ratings unless the Account Bank has arranged a guarantee of its obligations by a suitably rated third party. Any termination of the appointment of the Account Bank will not occur until a replacement has been appointed.</p>
<b>Collateral Account Bank</b>	<p>A short-term issuer default rating of at least F1 or a deposit rating (or if a deposit rating is not available, a long-term issuer default rating) of at least A by Fitch and a long-term bank deposit rating of at least A3 by Moody's (or (i) such other rating which is consistent with the then current rating methodology of the relevant Rating Agency, (ii) such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse</p>	<p>The consequences of breach are that the Issuer will be required (within 60 calendar days) to arrange for the transfer (at its own cost) of the Collateral Accounts to an appropriately rated bank or financial institution on substantially similar terms to those set out in the Collateral Account Bank Agreement in order to maintain the ratings of the Notes at their then current ratings unless the Issuer has arranged a guarantee of its obligations by a suitably rated third party. Any termination of the</p>

<u>Transaction Party</u>	<u>Required Ratings</u>	<u>Contractual requirements on occurrence of breach of ratings trigger include the following:</u>
<b>YBS (in respect of the Liquidity Reserve Fund)</b>	<p data-bbox="456 353 932 488">effect on the ratings of the Class A Notes or (iii) such other lower rating as the Note Trustee may (but shall not be obliged to) agree).</p> <p data-bbox="456 524 932 795">The long-term unsecured, unsubordinated and unguaranteed debt obligation rating of YBS ceases to be rated at least Baa2 by Moody's or the long-term issuer default rating of YBS ceases to be at least BBB by Fitch or the short-term issuer default rating ceases to be at least F2 by Fitch.</p>	<p data-bbox="960 353 1449 454">appointment of the Collateral Account Bank will not occur until a replacement has been appointed.</p> <p data-bbox="960 524 1449 622">The Issuer will establish the Liquidity Reserve Fund as funded by Available Principal Receipts.</p>

## Non-Rating Triggers Table

Nature of Trigger	Description of Trigger	Contractual requirements on occurrence of breach include the following:
<p><b>Further Sale Period Termination Event</b></p> <p>See the section entitled "Cashflows" for further information</p>	<p>The occurrence of any of the following:</p> <ul style="list-style-type: none"> <li>(a) the Step-Up Date;</li> <li>(b) a Seller Insolvency Event or, to the extent YBS is not the Servicer, an insolvency event of the relevant servicer;</li> <li>(c) an unremedied breach by the Seller of any of its obligations under the Transaction Documents, which breach has (or, with the passage of time, would have) a Material Adverse Effect;</li> <li>(d) YBS ceases to be the Interest Rate Swap Provider;</li> <li>(e) following the application of the Pre-Acceleration Revenue Priority of Payments on an Interest Payment Date, the debit balance recorded to the Class Z VFN Principal Deficiency Ledger is in excess of 1% of the aggregate Sterling Equivalent Principal Amount Outstanding of all Notes as at that Interest Payment Date;</li> </ul>	<p>Principal Receipts will no longer be applied to acquire Additional Loans. The Target Principal Amount of each of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes will be zero and Available Principal Receipts will be applied to redeem such Notes in accordance with the relevant Priority of Payments.</p>



**Contractual requirements on occurrence of breach include the following:**

<b>Nature of Trigger</b>	<b>Description of Trigger</b>
(f)	(A) following the application of the Pre-Acceleration Revenue Priority of Payments on an Interest Payment Date, the Liquidity Reserve Fund (if required to be established) is not fully funded to the Liquidity Reserve Fund Required Amount or (B) following any drawings under the Class Z VFN and the application of the Pre-Acceleration Revenue Priority of Payments on an Interest Payment Date, the General Reserve Fund is not funded to the General Reserve Required Amount;
(g)	redemption in full of the Class A Notes;
(h)	the amount standing to the credit of the Retained Principal Ledger is greater than 3.5% of the aggregate Current Balance of the Loans in the Portfolio as at the Initial Portfolio Creation Date;

**Contractual requirements on  
occurrence of breach include the  
following:**

<b>Nature of Trigger</b>	<b>Description of Trigger</b>	
	(i) the aggregate Current Balance of the Loans in the Portfolio which are three or more months in arrears is greater than or equal to 3% of the aggregate Current Balance of all Loans in the Portfolio as at the last day of the Monthly Period in which a Further Sale Date occurs; or	
	(j) the date on which the Seller ceases to originate new loans that are capable of meeting the predetermined credit quality requirements set out in the Mortgage Sale Agreement and complying in all material respects with the Loan Warranties.	
<b>Servicer Termination Event</b>	The occurrence of any of the following:	
See the section entitled "Summary of the Key Transaction Documents – Servicing Agreement" for further information.	(a) the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of 30 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer, the Seller or the Security Trustee, as the case may be, requiring the same to be remedied;	(a) Following the occurrence of a Servicer Termination Event the Issuer may terminate the appointment of the Servicer under the Servicing Agreement. The Servicer may also resign its appointment on no less than 12 months' written notice to, among others, the Issuer and the Security Trustee with a copy being sent to the Rating Agencies provided that a substitute servicer qualified to act as such under the FSMA and the CCA and with a management team with experience of servicing residential mortgages in the United Kingdom has been appointed and enters into a servicing agreement with the Issuer substantially on the same terms as the Servicing Agreement.
	(b) the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, and the Servicer does not remedy that failure within 30 Business Days after the earlier of the Servicer becoming aware of the failure	

Nature of Trigger	Description of Trigger	Contractual requirements on occurrence of breach include the following:
	<p>or of receipt by the Servicer of written notice from the Issuer, the Seller or the Security Trustee requiring the Servicer's non-compliance to be remedied;</p>	<p>(b) The resignation of the Servicer is conditional on the resignation having no adverse effect on the then current ratings of the Notes unless the Noteholders agree otherwise by Extraordinary Resolution.</p>
	<p>(c) a third party becomes obliged to undertake the servicing of the Loans (other than as master servicer), pursuant to any back-up servicing agreement contemplated under the Servicing Agreement; or</p>	
	<p>(d) an Insolvency Event occurs in relation to the Servicer.</p>	

## TRANSACTION OVERVIEW – FEES

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

<u>Type of Fee</u>	<u>Amount of Fee</u>	<u>Priority in Cashflow</u>	<u>Frequency</u>
Servicing Fees	For so long as YBS (or any member of the YBS Group) is the Servicer, 0.08% per annum (inclusive of VAT, if any) on the aggregate Current Balance of the Loans in the Portfolio as determined on the preceding Calculation Date (if a substitute servicer from outside the YBS Group is appointed in accordance with the terms of the Servicing Agreement, the Issuer shall pay the successor servicer for its services a fee to be determined at the time of such appointment)	Ahead of all outstanding Notes	Quarterly in arrears on each Interest Payment Date
Cash management fee	For so long as YBS (or any member of the YBS Group) is the Cash Manager, 0.01% per annum (inclusive of VAT, if any) on the aggregate Current Balance of the Loans in the Portfolio as determined on the last day of the calendar month before the preceding Calculation Date (if a replacement cash manager from outside the YBS Group is appointed in accordance with the terms of the Cash Management Agreement, the Issuer shall pay the replacement cash manager for its services a fee to be determined at the time of such appointment)	Ahead of all outstanding Notes	Quarterly in arrears on each Interest Payment Date

<b>Type of Fee</b>	<b>Amount of Fee</b>	<b>Priority in Cashflow</b>	<b>Frequency</b>
Other fees and expenses of the Issuer	Estimated at £74,000 each year (exclusive of any applicable VAT)	Ahead of all outstanding Notes	Various
Expenses related to the admission to trading of the Notes	Estimated at €9,000 (exclusive of any applicable VAT)		On or about the Closing Date

The standard rate of UK VAT is currently chargeable at 20%

## REGULATORY REQUIREMENTS

### UK Securitisation Regulation

YBS will retain for the life of the transaction a material net economic interest of not less than 5% in the securitisation as required by Article 6(1) of the UK Securitisation Regulation. As at the Closing Date, such interest will comprise the retention of not less than 5% of the nominal value of each of Class of Notes sold or transferred to investors in accordance with the text of Article 6(3)(a) of the UK Securitisation Regulation (the **Retained Interest**). Any change to the manner in which such interest is held will be notified to the Note Trustee and the Noteholders in accordance with the applicable Conditions and the requirements of the UK Securitisation Regulation. YBS' Retained Interest will be confirmed through the disclosure in the monthly Investor Reports.

YBS has provided a corresponding undertaking with respect to the Retained Interest as specified in the introductory paragraph above to the Arranger and the Joint Lead Managers in the Subscription Agreement and to the Issuer, the Security Trustee and the Note Trustee on behalf of the Noteholders pursuant to the Issuer Deed of Charge. The Note Trustee shall have the benefit of certain protections contained in the Trust Deed in relation to the compliance by YBS with such undertaking.

For the purposes of Article 7(2) of the UK Securitisation Regulation, YBS has been designated as the entity responsible for compliance with the requirements of Article 7 of the UK Securitisation Regulation and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf, provided that YBS will not be in breach of such undertaking if YBS fails to so comply due to events, actions or circumstances beyond YBS' control. YBS will be responsible for compliance with Article 7 of the UK Securitisation Regulation for the purposes of Article 22(5) of the UK Securitisation Regulation.

The relevant regulatory and implementing technical standards, including the standardised templates which set out the form in which the relevant reporting entity is required to comply with certain of the periodic reporting requirements have been adopted by the FCA (the **UK Disclosure Templates**). The Issuer will comply with the transparency and reporting requirements under the UK Securitisation Regulation and will make use of such UK Disclosure Templates (as amended, varied or supplemented from time to time after the Closing Date). The information required to be made available for the purposes of Article 7(2) of the UK Securitisation Regulation will be published or made otherwise available by YBS by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the UK Securitisation Regulation) by means of the Reporting Websites.

YBS has procured that on or about the date of this Prospectus a UK STS Notification shall be submitted to the FCA, in accordance with Article 27 of the UK Securitisation Regulation, confirming that the UK STS Requirements have been satisfied with respect to the Notes. It is expected that the UK STS Notification will be available on the website of the FCA (<https://data.fca.org.uk/#/sts/stssecuritisations>). For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. A draft version of the UK STS Notification was made available prior to pricing to potential investors in the Notes by way of the Reporting Websites.

YBS and the Issuer have used the services of PCS UK as a verification agent authorised under Article 28 of the UK Securitisation Regulation in connection with the UK STS Verification and to prepare an assessment of compliance of the Notes with the requirements of Articles 18 to 22 of the UK Securitisation Regulation (the **UK STS Verification**) and to prepare an assessment of compliance of the Notes with the relevant provisions of Article 243 and Article 270 of the UK CRR and Articles 7 and 13 of the UK LCR Regulation (the **UK STS Additional Assessments**). It is expected that the UK STS Verification prepared by PCS UK will be available on the PCS UK website (<https://www.pcsmarket.org/sts-verification-transactions/>) together with detailed explanations of its scope at <https://pcsmarket.org/disclaimer/> on and from the Closing Date. For the

avoidance of doubt, this PCS UK website and the contents thereof do not form part of this Prospectus. No assurance can be provided that the securitisation transaction described in this Prospectus does or will continue to qualify as a UK STS securitisation under the UK Securitisation Regulation as at the date of this Prospectus or at any point in time in the future. For further information please refer to the Risk Factor entitled "Risk Factors – Legal and Regulatory Risks – Simple, Transparent and Standardised Securitisations and UK STS Designation". 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, after the Closing Date, to the Investor Reports, Quarterly Reports and Cash Flow Model (a general description of which is set out in "Summary of the Key Transaction Documents – Cash Management Agreement"). Further information in respect of individual loan level data may be obtained on the following website: [www.ybs.co.uk](http://www.ybs.co.uk) or by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the UK Securitisation Regulation and Article 10 of the EU Securitisation Regulation) by means of the Reporting Websites. None of the reports or the websites or the contents thereof form part of this Prospectus.

It is not intended that the issue of the Notes complies with the requirements of Articles 18-22 of the EU Securitisation Regulation.

#### **Notes are not part of a re-securitisation**

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

#### **Investors to assess compliance**

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 UK Securitisation Regulation and Article 5 of the EU Securitisation Regulation and any corresponding national measures which may be relevant, and none of the Issuer, the Arranger, the Joint Lead Managers, YBS or any of the other transaction parties (i) makes any representation that the information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes and (ii) should have any liability to any prospective investor or any other person for any insufficiency of such information or failure of the transactions contemplated herein to comply with or otherwise satisfy the requirements of the UK Securitisation Regulation and/or Article 5 of the EU Securitisation Regulation or any other applicable legal, regulatory or other requirements or (iii) should have any obligation to enable compliance with the requirements of the UK Securitisation Regulation or any other applicable legal, regulatory or other requirements.

Please refer to the risk factor entitled "Risk Factors – Legal and Regulatory Risks – Regulatory Initiatives may have an adverse impact on the regulatory treatment of the Notes – UK Securitisation Regulation and EU Securitisation Regulation" for further information on the implications of the EU Securitisation Regulation and/or the UK Securitisation Regulation and risk retention requirements for investors.

#### **Mitigation of interest rate and currency risks**

The Loans and the Notes are affected by interest rate and currency risks (see the sections "Credit Structure – Interest Rate Risk for the Notes" and "Credit Structure – Currency and Interest Rate Risk for the Class A1 Notes" in this Prospectus). The Issuer aims to hedge the relevant interest rate and currency exposures in respect of the Loans and the Notes, as applicable, by entering into certain swap agreements (see the sections "Credit Structure – Interest Rate Risk for the Notes" and "Credit Structure – Currency and Interest Rate Risk for the Class A1 Notes" in this Prospectus).

## Information regarding the policies and procedures of the Seller

The Seller has internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation, as required by Article 9(1) of the UK Securitisation Regulation. The policies and procedures of the Seller in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and refinancing credits, as to which see the information set out under "The Loans – Origination channels" and "The Loans –
- (b) Lending Criteria" and "Summary of the Key Transaction Documents – Servicing Agreement";
- (c) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures. The Portfolio will be serviced in line with the usual servicing procedures of the Seller, as to which see the information set out under "Summary of the Key Transaction Documents – Servicing Agreement";
- (d) diversification of credit portfolios taking into account the Seller's target market and overall credit strategy, as to which, in relation to the Cut-Off Date Portfolio, see the information set out under "Characteristics of the Cut-Off Date Portfolio"; and

policies and procedures in relation to risk mitigation techniques, as to which see the information set out under "The Loans – Origination channels" and "The Loans–

- (e) Lending Criteria", "Summary of the Key Transaction Documents – Servicing Agreement".

The Seller has applied the same policies, procedures and sound and well defined criteria for the Loans as they apply to equivalent mortgage loans that are not part of the Portfolio.

## Verification of data

The Seller has caused a sample of the Loans (including the data disclosed in respect of those Loans) to be externally verified by one or more appropriate and independent third parties. Such Loans have been subject to an agreed upon procedures review of a representative sample of Loans selected from the Cut-Off Date Portfolio as at the Cut-Off Date (as well as an agreed upon procedures review, among other things, of the conformity with the Loan Warranties (where applicable)) conducted by a third party and completed on or about 9 March 2021 (the **AUP Report**). An appropriate and independent third party has verified that the tables disclosed under the section "Characteristics of the Cut-Off Date Portfolio" of this Prospectus in respect of the underlying exposures are calculated accurately. The AUP Report was filed with the SEC on 11 March 2021 and is publicly available. The Seller has reviewed such reports and is of the opinion that there were no significant adverse findings in such reports. The third parties undertaking such reviews only have obligations to the parties to the engagement letters governing the performance of the agreed upon procedures subject to the limitations and exclusions contained therein.

## U.S. Credit Risk Retention Requirements

YBS, in its capacity as sponsor, is required under the U.S. Credit Risk Retention Requirements to acquire and retain (or to ensure that a "majority-owned affiliate", as defined in the U.S. Credit Risk Retention Requirements, of YBS acquires and retains) an economic interest in the credit risk of the interests created by the Issuer on the Closing Date in an amount of, in the case of vertical risk retention, not less than 5%. YBS expects to retain an eligible vertical interest (the **EVI**) equal to a minimum of 5 % of the aggregate ABS interests (as defined in the U.S. Credit Risk Retention Requirements) issued by the Issuer being, cumulatively, the Principal Amount Outstanding of each Class of Notes plus any Deferred Consideration payable to the Seller.



YBS is required by the U.S. Credit Risk Retention Requirements to retain, either directly or through a majority-owned affiliate, the EVI until the later of: (a) the fifth anniversary of the Closing Date; and (b) the date on which the total principal balance outstanding of the Loans has been reduced to 25% of the aggregate outstanding Current Balance of the Loans at the Closing Date, but in any event no longer than the seventh anniversary of the Closing Date (the **Sunset Date**). The U.S. Credit Risk Retention Requirements impose limitations on the ability of YBS (or its majority-owned affiliate) during such period to hedge its risk with respect to the EVI. In addition, any financing obtained by YBS (or its majority-owned affiliate) prior to the Sunset Date that is secured by the EVI must provide for full recourse to YBS (or its majority-owned affiliate) and otherwise comply with the U.S. Credit Risk Retention Requirements. The retention, financing and hedging limitations set forth in the U.S. Credit Risk Retention Requirements will not apply to any Notes held by YBS that do not constitute part of the EVI.

In addition to the above, prior to the Sunset Date, YBS will not purchase, transfer or sell any Notes, or enter into any derivative, agreement or position, which in either case would reduce or limit its financial exposure in respect of the EVI that it will maintain to satisfy the U.S. Credit Risk Retention Requirements to the extent such activities would be prohibited activities in accordance with the U.S. Credit Risk Retention Requirements.

Subject to the U.S. Credit Risk Retention Requirements and any applicable restrictions on transfer set out in the Transaction Documents, YBS may, at any time and from time to time, sell or otherwise transfer all or any portion of the EVI that is in excess of the portion it is required to retain to comply with the U.S. Credit Risk Retention Requirements.

In the monthly Investor Reports, relevant information with regard to the U.S. Credit Risk Retention Requirements will be disclosed in accordance with applicable disclosure requirements.

### **Volcker Rule Considerations**

The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof, will not be, a "covered fund" as defined in the Volcker Rule. Although other statutory or regulatory exclusions or exemptions under the Investment Company Act or the Volcker Rule may be available to the Issuer, this view is based on the determination that the Issuer may rely on the exclusion from the definition of "investment company" under the Investment Company Act provided by Section 3(c)(5)(C) thereunder, and accordingly the Issuer need not rely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for its exemption from registration under the Investment Company Act and may rely on the exemption from the definition of "covered fund" under the Volcker Rule made available to entities 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.

### **Rule 15Ga-2 under the Exchange Act**

On 27 August 2014, the SEC approved rules and issued a release regarding third party due diligence reports. The release relates primarily to Rule 15Ga-2 and Rule 17g-10 under the Exchange Act, each of which became effective on 10 June 2015. Rule 15Ga-2 requires any issuer or underwriter of asset-backed securities (including, for this purpose, securitisations of residential and commercial mortgage loans as well as other asset classes) rated by an NRSRO to furnish a form (a **Form ABS-15G**) via the SEC's EDGAR database describing the findings and conclusions of any third party due diligence report obtained by the issuer or an underwriter, at least five business days prior to the first sale of the asset-backed securities. The filing requirements apply to both publicly registered offerings and unregistered securitisations of assets offered within the United States such as those relying on Rule 144A. A third party due diligence report is any report containing findings and conclusions relating to due diligences services, which are defined as a review of pool assets for the purposes of issuing findings on: (1) the accuracy of the asset data; (2) determining whether the assets conform to stated underwriting standards; (3) asset value(s); (4) legal compliance by the

originator; and (5) any other factor material to the likelihood that the issuer will pay interest and principal as required. These due diligence services are routinely provided by third party due diligence vendors in asset-backed securities structured transactions and affect their credit ratings.

A Form ABS-15G containing the AUP Report prepared for the purpose of the transaction contemplated by this Prospectus was prepared and furnished to the SEC by YBS no later than five business days prior to the pricing of the Notes and will be publicly available on EDGAR pursuant to Rule 15Ga-2. Any such Form ABS-15G is not and will not be, by this reference or otherwise, incorporated into this Prospectus and should not be relied upon by any prospective investor as a basis for making a decision to invest in any Notes.

Prospective investors should rely exclusively on this Prospectus in making their investment decisions. See "Risk Factors – Legal and Regulatory Risks – Regulatory Initiatives may have an adverse impact on the regulatory treatment of the Notes" for more information.

### **Rule 17g-5 Compliance**

In order to permit the Rating Agencies to comply with their obligations under Rule 17g-5 under the Exchange Act, all information that is provided to the Rating Agencies for the purposes of determining the initial credit ratings of the Notes or undertaking credit rating surveillance of the Notes will be posted on a password-protected internet website (the Rule 17g-5 Website), at the same time such information is provided to the Rating Agencies.

Any notices or requests to, or any other written communications with or written information provided to, the Rating Agencies, or any of their officers, directors or employees pursuant to, in connection with or related directly or indirectly to the Portfolio, the Notes or otherwise in connection with the transaction described in this Prospectus will be, in each case, posted to the Rule 17g-5 Website. See also "The issuance of unsolicited ratings on the Class A Notes could adversely affect the market value and/or liquidity of the Class A Notes" above.

### **Social Bond**

ICMA published the Social Bond Guidelines in June 2020. The Social Bond Guidelines include Social Bond Principles). The Social Bond Principles are published by ICMA on the following website: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bondprinciples-sbp/>. For the avoidance of doubt, the Social Bond Guidelines and this website and the contents thereof do not form part of this Prospectus and are not incorporated by reference into this Prospectus. YBS has developed and defined a formal approach for its Social Bond Framework (available at [https://www.ybs.co.uk/treasurydata/Social\\_Bond\\_Framework\\_2021.pdf](https://www.ybs.co.uk/treasurydata/Social_Bond_Framework_2021.pdf)). In accordance with the Social Bond Guidelines, YBS appointed S&P Global Ratings Europe Limited (**S&P Global**), being an independent third party, to undertake an external review of its Social Bond Framework against the Social Bond Principles and confirm alignment with ICMA's Social Bond Principles, with such review being in the form of second party opinion available at <https://www.spglobal.com/ratings/en/research/pdf-articles/210312-social-framework-alignment-opinion-yorkshire-building-society-s-social-bond-framework-100049513> (the **Second Party Opinion**). S&P Global concluded that the Social Bond Framework regarding use of proceeds, processes for evaluation and selection of loans, management of proceeds and reporting are in line with the Social Bond Principles and the evaluation was positive. For the avoidance of doubt, none of the YBS Social Bond Framework, the Second Party Opinion or the contents thereof form part of this Prospectus and are not incorporated by reference into this Prospectus. The Social Bond Principles include social projects that provide or promote access to essential services and/or socioeconomic advancement and empowerment. The origination of mortgage loans to the specific target populations (as further described below) by YBS comprises an Eligible Social Project and directly contributes to improving access to banking services and socioeconomic advancement and empowerment through equitable access and control over assets, in each case, by making home loan finance and purposeful lending available and by facilitating the provision of lower

rate mortgage loans and higher rate savings products to YBS's customers/members. The specific target populations for which YBS, as originator, seeks to achieve positive social outcomes through the Eligible Social Project is a population of viable customers where the properties are located in England, Scotland and Wales which is underserved in the United Kingdom owing to a lack of quality access to the essential service of banking in relation to home financing (and are described in further detail in the Social Bond Framework). The Eligible Social Project directly aims to address or mitigate the lack of access to home loan finance and seeks to achieve the positive social outcome of home ownership for a target population comprising customers and borrowers with one or more of the following characteristics – savings/retail deposit customers, applicants who are self-employed, first time buyers with limited credit history, contractors, later life borrowers or people with specific health needs, as well as those without the income to pay rent at full-market rates or buy a home of their own benefiting from social housing. The issue of the Notes by the Issuer and associated purchase of the Loans in the Portfolio comprises part of the funding arrangements by YBS for the Eligible Social Project and in accordance with its Social Bond Framework. The purchase price of the Loans will be used to repay short term funding arrangements which forms part of YBS's funding cycle relating to the origination of owner-occupied mortgages aimed at the target population as described above. None of the Arranger or Joint Lead Managers will verify or monitor the proposed use of proceeds of the Notes issued.

## SUMMARY OF THE KEY TRANSACTION DOCUMENTS

### Mortgage Sale Agreement

Under the Mortgage Sale Agreement (the **Mortgage Sale Agreement**), on the Closing Date the Issuer will pay the Initial Consideration to the Seller and:

- (a) a portfolio of English and Welsh residential mortgage loans and their associated Mortgages and other Related Security (together, the **English Loans**) will be assigned by way of equitable assignment to the Issuer; and
- (b) the Seller will hold on trust under a Scottish Declaration of Trust a portfolio of Scottish residential mortgage loans for the benefit of the Issuer (the **Scottish Loans** and, together with the above portfolio of English and Welsh residential mortgage loans, the **Loans**) and associated first ranking standard securities (the **Scottish Mortgages** and, together with the above associated mortgages, the **Mortgages** and, together with the other security for the Loans, the **Related Security**),

in each case referred to as the **sale** by the Seller to the Issuer of the Loans and Related Security (the **Initial Portfolio**). The Loans and Related Security (whether part of the Initial Portfolio or Additional Loans sold subsequently to the Issuer during the Further Sale Period) and all monies derived therefrom from time to time are referred to herein as the **Portfolio**. The "Loans" and "Related Security" are further defined in the section entitled "Transaction Overview – Portfolio and Servicing".

The consideration due to the Seller on the Closing Date in respect of the sale of the Initial Portfolio will consist of:

- (a) an amount equal to the Current Balance of the Loans in the Initial Portfolio on the Initial Portfolio Creation Date (the **Initial Consideration**); and
- (b) a covenant by the Issuer to pay any Deferred Consideration.

Any amounts received on the Loans in the Initial Portfolio from (and excluding) the Initial Portfolio Creation Date and to (and excluding) the Closing Date shall be paid by the Seller to the Issuer on the Closing Date.

On the tenth calendar day of January, April, July and October of each year during the Further Sale Period or, if such day is not a Business Day, on the immediately following Business Day, the Seller may sell further Loans (the **Additional Loans**) and their Related Security to the Issuer. The Issuer will purchase such Additional Loans and their Related Security from the Seller on such date and if the Issuer purchases any Additional Loans on such date, such date shall be referred to as a **Further Sale Date**.

The sale of any Additional Loans which are Scottish Loans and their Related Security will be effected by the execution and delivery of a further Scottish Declaration of Trust by the Seller in favour of the Issuer.

The Issuer will pay the consideration for such Additional Loans and their Related Security (as described below) on the Interest Payment Date immediately following the relevant Further Sale Date using Available Principal Receipts (after making payments on the Class A Notes (after, in the case of the Class A1 Notes, being swapped into dollars) to reduce the Principal Amount Outstanding of the Class A Notes by the relevant Class A Target Amortisation Amount on such Interest Payment Date).

The consideration due to the Seller in respect of the sale of Additional Loans and their Related Security will consist of:

- (a) an amount equal to the Current Balance of the Additional Loans on the relevant Further Sale Date (the **Further Sale Initial Consideration**); and
- (b) a covenant by the Issuer to pay any Deferred Consideration.

The Deferred Consideration will be paid in accordance with the priority of payments set out in the section headed "Cashflows – Application of Available Revenue Receipts Prior to the Service of a Note Acceleration Notice on the Issuer".

**Deferred Consideration** means the consideration due and payable to the Seller pursuant to the Mortgage Sale Agreement in respect of the sale of the Portfolio, which shall be an amount equal to the amount remaining after making payment of (as applicable):

- (a) the items described in items (a) to (o) inclusive of the Pre-Acceleration Revenue Priority of Payments on each Interest Payment Date; or
- (b) the items described in items (a) to (h) inclusive of the Post-Acceleration Priority of Payments.

**Consideration** means the Initial Consideration, any Further Sale Initial Consideration and the Deferred Consideration.

The terms **sale**, **sell** and **sold** when used in the Mortgage Sale Agreement and the other Transaction Documents in connection with the Loans and their Related Security are construed to mean, in the case of the Scottish Loans, such Loans and Related Security being held on trust under a Scottish Declaration of Trust.

The terms **repurchase** and **repurchased** when used in the Mortgage Sale Agreement and the other Transaction Documents in connection with the Loans and their Related Security are construed to include the repurchase of the beneficial interest of the Issuer in respect of such Loan and Related Security under the relevant Scottish Declaration of Trust and the release of such Loans and their Related Security therefrom.

#### *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 Loans and Related Security (and where appropriate their registration) to the Issuer is, save in the limited circumstances referred to below, deferred. Legal title to the Loans and Related Security therefore remains with the Seller. 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 and assignments (as described above) to the Issuer will be completed on or before the 20th Business Day after the earliest to occur of the following:

- (a) the Seller being required to perfect legal title to the Loans and their Related Security (i) by an order of a court of competent jurisdiction or (ii) by a regulatory authority which has jurisdiction over the Seller or (iii) by any organisation of which the Seller is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders with whose instructions it is customary for the Seller to comply; or
- (b) it becoming necessary by law to perfect legal title to the Loans and their Related Security; or

- (c) the security under the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy and the Security Trustee being required by the Note Trustee (on behalf of the Noteholders) so long as any Notes are outstanding or the other Secured Creditors if no Notes are then outstanding to take action to reduce that jeopardy; or
- (d) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee;
- (e) the occurrence of a Seller Insolvency Event;
- (f) the Seller is in breach of its obligations under the Mortgage Sale Agreement, but only if: (i) such breach, where capable of remedy, is not remedied to the reasonable satisfaction of the Issuer (prior to the delivery of a Note Acceleration Notice) or the opinion of the Security Trustee acting on the instructions of the Note Trustee (after the delivery of a Note Acceleration Notice) within 90 calendar days; and (ii) Moody's and/or Fitch shall have provided confirmation that the then current ratings of the Notes will be withdrawn, downgraded or qualified as a result of such breach; or
- (g) if the Seller (on the advice of YBS) determines, as at any date, that the CET1 Ratio of YBS has fallen below 7.00%,

provided that the provisions of paragraphs (f) and/or (g) above shall: (1) not apply if the Seller has delivered a certificate to the Security Trustee that the occurrence of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the UK Securitisation Regulation); and (2) be subject to such amendment as the Seller may require so long as the Seller delivers a certificate to the Security Trustee that the amendment of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the UK Securitisation Regulation),

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

**CET1 Ratio** means the ratio (expressed as a percentage) of Common Equity Tier 1 as at such date to the Risk Weighted Assets as at the same date, in each case calculated by YBS on an individual consolidated basis (as referred to in Article 9 of the UK CRR) or, as the context requires, a consolidated basis.

**Common Equity Tier 1** means, as at any date, the sum of all amounts that constitute common equity tier 1 capital of YBS as at such date, less any deductions from common equity tier 1 capital required to be made as at such date, in each case as calculated by YBS on an individual consolidated basis (as referred to in Article 9 of the UK CRR) or, as the context requires, a consolidated basis, in each case in accordance with the then prevailing capital regulations but without taking into account any transitional, phasing-in or similar provisions.

**Risk Weighted Assets** means, as at any date, the aggregate amount of the risk weighted assets of YBS as at such date, as calculated by YBS on an individual consolidated basis (as referred to in Article 9 of the UK CRR) or, as the context requires, a consolidated basis, in each case in accordance with the then prevailing capital regulations.

A **Seller Insolvency Event** will occur in the following circumstances:

- (a) the Seller or YBS becomes insolvent or is deemed unable to pay its debts within the meaning of section 123(1)(a) of the Insolvency Act 1986 (as amended) (on the basis that the reference in such section to £750 was read as a reference to £10 million) or section 1(b), (c), (d) or (e) of the Insolvency Act 1986 (as amended) (on the basis that the words "for a sum exceeding £10 million" were inserted after the words "extract registered bond" and "extract registered protest") or applies

for, consents to or suffers the appointment of a liquidator, receiver, administrator, building society liquidator, building society special administrator or similar officer over the whole or any substantial part of its undertaking, property, assets or revenues or takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors generally or a distress, execution or diligence or other process is enforced upon the whole or any substantial part of its undertaking or assets and is not discharged within 60 days); or

- (b) an order is made or an effective resolution passed for the winding up of the Seller or YBS; or
- (c) the Seller or YBS stops or threatens to stop payment to its creditors generally or the Seller or YBS ceases or threatens to cease to carry on its business or substantially the whole of its business; or
- (d) an encumbrancer takes possession or a receiver, administrator, administrative receiver or other similar officer is appointed to the whole or any material part of the undertaking, property and assets of the Seller or YBS 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 Seller or YBS and, in the case of any of the foregoing events, is not discharged within 30 days; or
- (e) the Seller or YBS is unable to pay its debts as they fall due.

The title deeds and customer files relating to the Portfolio are currently held by or to the order of the Seller. The Seller will undertake that all the title deeds and customer files relating to the Portfolio which are at any time in its possession or under its control or held to its order will be held to the order of the Issuer or as the Issuer directs or, following the occurrence of an Event of Default, to the order of the Security Trustee.

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.

#### *Eligibility Criteria*

The sale of Loans and their Related Security to the Issuer on the Closing Date and on any Further Sale Date during the Further Sale Period and the making of a Further Advance, Product Switch or Tested Underpayment Option on any date will be subject to the condition (the **Eligibility Criterion**) that no Event of Default shall have occurred which is continuing as at the relevant date.

If the Eligibility Criterion is breached as at the Closing Date (or in respect of any Additional Loans, as at the Interest Payment Date immediately following the relevant Further Sale Date), the Loans will be repurchased by the Seller (or, as applicable, YBS or one of its subsidiaries) in accordance with the terms of the Mortgage Sale Agreement. (See "Repurchase by the Seller" below for more details.)

If the Additional Loan Conditions are breached as at the last day of the Monthly Period in which the relevant Further Sale Date occurred, the relevant Additional Loans will be repurchased by the Seller or a person nominated by the Seller in accordance with the terms of the Mortgage Sale Agreement (see "Repurchase by the Seller" below for more details).

If the Seller accepts an application from or makes an offer (which is accepted) to a Borrower for a Further Advance, Product Switch or Underpayment Option which is a Tested Underpayment Option and if the Eligibility Criterion and the other Asset Conditions relating to the Loan subject to that Further Advance, Product Switch or Tested Underpayment Option are not satisfied as at the last day of the Monthly Period in which the relevant Switch Date, Option Date and/or Advance Date occurred, then such Loan will be

repurchased by the Seller (or, as applicable, YBS or one of its subsidiaries) in accordance with the provisions of the Mortgage Sale Agreement. (See "Repurchase by the Seller" below for more details.)

### *Representations and Warranties*

The Seller will represent and warrant to the Issuer and the Security Trustee in the Mortgage Sale Agreement on the terms of the Loan Warranties (as defined below) in each case subject to certain additional amendments and conditions as set out in the Mortgage Sale Agreement:

- (a) in respect of each Loan and its Related Security comprised in the Initial Portfolio, as at the Closing Date;
- (b) in respect of each Additional Loan and its Related Security (other than any Additional Loans repurchased on the Interest Payment Date immediately following the relevant Further Sale Date) sold to the Issuer during the Further Sale Period, as at the Interest Payment Date immediately following the relevant Further Sale Date;
- (c) in relation to any Further Advance, as at the last day of the Monthly Period in which the relevant Advance Date occurred;
- (d) in relation to each Loan which is subject to a Product Switch, as at the last day of the Monthly Period in which the relevant Switch Date occurred; and
- (e) in relation to each Loan which is subject to a Tested Underpayment Option, as at the last day of the Monthly Period in which the relevant Option Date occurred.

If any of the Loan Warranties are materially breached in respect of a Loan comprised in the Initial Portfolio as at the Closing Date, or in respect of an Additional Loan (other than any Additional Loans repurchased on the Interest Payment Date immediately following the relevant Further Sale Date) as at the Interest Payment Date immediately following the relevant Further Sale Date, or in respect of a Further Advance, Product Switch or Tested Underpayment Option, as at the last day of the Monthly Period in which the relevant Advance Date, Switch Date and/or Option Date (as the case may be) occurred, such Loan will be repurchased by the Seller (or, as applicable, YBS or one of its subsidiaries) in accordance with the provisions of the Mortgage Sale Agreement. (See "Repurchase by the Seller" *below for more details.*)

The **Loan Warranties** to be given by the Seller will include, *inter alia*, the following warranties:

#### **1. Loans**

- (a) (i) In relation to loans comprised in the Initial Portfolio, the particulars of the Loans comprised in the Initial Portfolio set out in the notice attaching or setting out data in respect of the Loans in the Initial Portfolio (the **Initial Portfolio Notice**) are true, complete and accurate in respect of the data fields described in the Schedule to the Initial Portfolio Notice as at the Initial Portfolio Creation Date and in relation to all such Loans the details of such loans as recorded in the computer system of the Seller, to the extent they relate to data fields in the relevant Initial Portfolio Notice, are complete, true and accurate as at the Initial Portfolio Creation Date.
- (ii) In relation to any Additional Loans, the particulars of any Additional Loans set out in any notice made by the Seller to sell Additional Loans on a Further Sale Date attaching or setting out data in respect of such Additional Loans (the **Additional Loans Notice**) are true, complete and accurate in respect of the data fields described in the Schedule to the Additional Loans Notice as at the relevant Further Sale Date and in relation to all such Additional Loans the details of such loans as recorded in the computer system of the Seller,



to the extent they relate to data fields in the relevant Additional Loans Notice, are complete, true and accurate as at the relevant Further Sale Date.

- (b) Each Loan was originated by the Seller in the ordinary course of business pursuant to underwriting standards that are no less stringent than those the Seller applied at the time of origination to similar loans that are not securitised and was denominated in pounds sterling upon origination.
- (c) Prior to the making of each Initial Advance and Further Advance, the Lending Criteria and all preconditions to the making of any Loan were satisfied in all material respects (for the avoidance of doubt, including but not limited to that the relevant income certification in relation to Borrowers have been performed on all Loans subject only to such exceptions and waivers as made on a case-by-case basis as would be acceptable to a Reasonable, Prudent Mortgage Lender).
- (d) The Lending Criteria are consistent with the criteria that would be used by a Reasonable, Prudent Mortgage Lender.
- (e) Each Loan and its Related Security was made substantially on the terms of the Standard Documentation without any material variation thereto and nothing has been done subsequently to add to, lessen, modify or otherwise vary the express provisions of any of the same in any material respect.
- (f) At least two monthly payments due in respect of each Loan have been paid by the relevant Borrower.
- (g) The Current Balance on each Loan and its Related Security constitute a legal, valid, binding and enforceable debt due to the Seller from the relevant Borrower and the terms of each Loan and its Related Security constitute valid and binding obligations of the Borrower enforceable in accordance with their terms and non-cancellable except that enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the court's discretion in relation to equitable remedies.
- (h) The rate of interest under each Loan is charged in accordance with the Standard Documentation, subject to the terms of any offer letter in relation thereto.
- (i) No agreement for any Loan is in whole or in part (i) a "regulated credit agreement" under Article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 or (ii) a "regulated agreement" or "regulated credit agreement" under Section 8 of the Consumer Credit Act 1974 (as amended, extended or re-enacted from time to time).
- (j) All of the Borrowers are individuals (and not partnerships) and were aged 18 years or older at the date they executed the relevant Mortgage.
- (k) No Loan has a maturity date falling later than three years earlier than the Final Maturity Date.
- (l) Each Loan and its Related Security is valid, binding and enforceable in accordance with its terms and is non-cancellable except that enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the court's discretion in relation to equitable remedies.
- (m) All approvals, consents and other steps necessary to permit a legal or equitable or beneficial transfer, or a transfer of servicing or other disposal as and in the manner contemplated by the Transaction Documents from the Seller to the Issuer, of the Loans and their related Mortgages to be sold under the Mortgage Sale Agreement have been obtained or taken and there is no requirement in order for the transfer to be effective to obtain the consent of the Borrower before, on or after any

equitable or beneficial transfer or before any legal transfer of the Loans and their related Mortgages and such transfer or disposal shall not give rise to any claim by the Borrower against the Issuer, the Security Trustee or any of their successors in title or assigns.

- (n) No Loan or Related Security is or consists of "stock" or "marketable" securities (in either case for the purposes of Section 122 of the Stamp Act 1891), "chargeable securities" (for the purposes of Section 99 of the Finance Act 1986) or a "chargeable interest" for the purposes of Section 4 of the Land and Buildings Transaction Tax (Scotland) Act 2013, Section 48 of the Finance Act 2003 or Section 4 of the Welsh Land Transaction Tax and Anti-avoidance of Devolved Taxes Act (Wales) 2017.
- (o) None of the provisions of the Loans have been waived, altered or modified in any way by the Seller other than:
  - (i) any variation agreed with a Borrower to control or manage arrears on a Loan or, following a request from a Borrower, the agreement to grant of a payment deferral, underpayment or other action as a result of a Covid-19 related matter;
  - (ii) any variation in the maturity date of a Loan unless the maturity date is later than three years earlier than the Final Maturity Date;
  - (iii) any variation imposed by statute or as a result of UK government policy changes or initiatives aimed at assisting homeowners (including Borrowers) in meeting payments on their mortgage loans;
  - (iv) any variation to the interest rate as a result of the Borrowers switching to a different rate;
  - (v) any change to a Borrower under the Loan or the addition of a new Borrower under a Loan or removal of a Borrower;
  - (vi) any change in the repayment method of the Loan; or
  - (vii) any partial release of security where, after such release, the Loan continues to satisfy the applicable LTV ratio requirements set out in the Rating Agency Tests,

**provided that** this Loan Warranty (o) does not apply to Product Switches.

- (p) As at 28 February 2021, no Loan was (and in respect of Additional Loans, as at the relevant Further Sale Date, no Additional Loans sold on such Further Sale Date were) one or more months in arrears.
- (q) So far as the Seller is aware, no Borrower is in breach of any obligation under a Loan other than in respect of Monthly Payments.
- (r) No Loan is a Self-certified Loan or was a Self-certified Loan as at the date of origination of the relevant Loan, a Buy to Let Loan, a Help to Buy Loan, an Offset Loan or a Right to Buy Loan.
- (s) In respect of Loans comprised in the Initial Portfolio, no Loan had an Unindexed LTV greater than 90% as at the Initial Portfolio Creation Date and, in respect of any Additional Loans, no Additional Loan had an Unindexed LTV greater than 90% as at the relevant Further Sale Date.
- (t) In respect of Loans comprised in the Initial Portfolio, no Loan had an Indexed LTV greater than 90% as at the Initial Portfolio Creation Date and, in respect of any Additional Loans, no Additional Loan had an Indexed LTV greater than 90% as at the relevant Further Sale Date.

- (u) As at the Closing Date or on the date when any new Loans and their Related Security are included in the Portfolio, as applicable, each Loan has a standardised risk weight equal to or smaller than 40% on an exposure value-weighted average basis for the Portfolio, as such terms are described in Article 243 of the UK CRR.
- (v) No Borrower had a credit application score of less than 250 in respect of its application for the relevant Mortgage (as determined in accordance with the Seller's origination policies).
- (w) No Loan is guaranteed by a third party guarantor.
- (x) Each Loan has been designated as a prime Loan under the Seller's designated origination policies.
- (y) The Seller is not required to make any future further advances under any Loan (such as with future reserve loans and retention loans).
- (z) To the best of the Seller's knowledge, no Borrower had been in arrears with another mortgage lender at any point during the 12 months prior to the date of such Borrower's Initial Advance under its Loan.
- (aa) No loan is considered by the Seller as being in default within the meaning of Article 178(1) of the UK CRR, as further specified by the Delegated Regulation (EU) No 2015/3 on the materiality threshold for credit obligations past due developed in accordance with Article 178 of the CRR and by the European Banking Authority Guidelines on the application of the definition of default developed in accordance with Article 178(7) of the CRR;
- (bb) No Loan is a Loan which, so far as the Seller is aware, is a Loan to a Borrower who is a "credit-impaired obligor" as described in Article 13(2)(j) of the UK LCR Regulation or paragraph 2(k) of Article 177 of Regulation (EU) No 2015/35 (or, in each case, if different, the equivalent provisions in any such enacted version of such Commission Delegated Regulation).
- (cc) No Loan is a Loan which, so far as the Seller is aware, is a Loan to a Borrower who is a "credit-impaired debtor" as described in Article 20(11) of the UK Securitisation Regulation, and, in each case, in accordance with any official guidance issued in relation thereto.
- (dd) The fixed rate period applicable to each Loan that is a Fixed Rate Loan will not be longer than five years and six months.
- (ee) The discount rate period applicable to each Loan that is a Discounted SVR Loan or a Reversionary Discount Loan will not be longer than five years and six months.
- (ff) No Loan has a Current Balance greater than £2 million as at the Initial Portfolio Creation Date or, in relation to an Additional Loan, as at the relevant Further Sale Date.
- (gg) The Seller has full recourse to the Borrower and any guarantor of the Borrower under the Loans.

## **2. Mortgages**

- (a) Subject in certain appropriate cases to the completion of an application for registration or recording at the Land Registry or the Registers of Scotland, as applicable, the whole of the Current Balance on each Loan is secured by a Mortgage or Mortgages over a residential Property and each Mortgage constitutes a valid and subsisting first charge by way of legal mortgage or charge or (in Scotland) first ranking standard security over the relevant Property, and subject only in certain appropriate cases to applications for registrations or recordings at the Land Registry of England and Wales or in the Registers of Scotland which, where required, have been made and are pending and in relation to

such cases the Seller is not aware of any notice or any other matter that would prevent such registration or recording.

- (b) Each Mortgage is substantially in the form of the pro forma contained in the Standard Documentation which was applicable at the time the Mortgage was executed.
- (c) The Borrower has good and marketable title to the relevant Property (subject to registration of the title at the Land Registry or registration or recording at the Registers of Scotland) free from any encumbrance (except the Mortgage and any subsequent ranking mortgage or standard security) which would materially adversely affect such title and, without limiting the foregoing, in the case of a leasehold or long lease Property:
  - (i) the lease cannot be forfeited or irritated on the bankruptcy or sequestration of the tenant;
  - (ii) any requisite consent of the landlord to or notice to the landlord of the creation of the Related Security has been obtained or given; and
  - (iii) a copy of the consent or notice has been or will be placed with the Title Deeds.

### **3. The Properties**

- (a) All of the Properties are in England, Wales or Scotland.
- (b) Each Property constitutes a separate dwelling unit and is (in England and Wales) either freehold or leasehold, commonhold or (in Scotland) heritable or held under a long lease.
- (c) In relation to each English Mortgage, every person who, at the date upon which the relevant Loan was made, had attained the age of 18 and who had been notified to the Seller as residing or being about to reside in a Property subject to a Mortgage, is either the relevant Borrower or has signed a Deed of Consent.
- (d) In relation to each Scottish Mortgage, all necessary MH/CP Documentation has been obtained so as to ensure that neither the relevant Property nor the relevant Mortgage is subject to or affected by any statutory rights of occupancy under the Matrimonial Homes (Family Protection) (Scotland) Act 1981 or (as applicable) the Civil Partnership Act 2004.
- (e) As far as the Seller is aware, no Property has been let by the Borrower otherwise than by way of:
  - (i) an assured shorthold tenancy which meets the requirements of Section 19A or Section 20 of the Housing Act 1988; or
  - (ii) an assured tenancy; or
  - (iii) a short assured tenancy which meets the requirements of Section 32 of the Housing (Scotland) Act 1988; or
  - (iv) a private residential tenancy which meets the requirements of the Private Housing (Tenancies) (Scotland) Act 2016,in each case which meets the Seller's Policy in connection with lettings to non-owners.
- (f) No Loan relates to a Property which is not a residential Property.

#### **4. Valuers' and Solicitors' Reports**

- (a) The Seller has not agreed to waive any of its rights against any valuer, solicitor or licensed or qualified conveyancer or other professional who has provided information, carried out work or given advice in connection with any Loan or Related Security.
- (b) Prior to the granting of each Mortgage, the Seller received a Valuation Report from a Valuer on the relevant Property (or such other form of valuation as would be acceptable to a Reasonable, Prudent Mortgage Lender), the contents of which were such as would be acceptable to a Reasonable, Prudent Mortgage Lender.
- (c) Prior to making a Loan to a Borrower, the Seller:
  - (i) caused its approved solicitors or approved conveyancers to carry out in relation to the relevant Property all investigations, searches and other actions and enquiries which a Reasonable, Prudent Mortgage Lender or its solicitors normally make when lending to an individual on the security of residential property, as the case may be, in England, Wales or Scotland; and
  - (ii) received a certificate of title from approved solicitors or approved conveyancers relating to such Property and the results thereof were such as would be acceptable to a Reasonable, Prudent Mortgage Lender in order to proceed with the Loan.
- (d) No Loan (other than in relation to a Further Advance or a Product Switch) has been valued on the basis of an AVM.

#### **5. Buildings Insurance**

Each Property is insured (from the date of completion of the relevant Loan):

- (a) under the Third Party Buildings Policies;
- (b) against all risks usually covered by a Reasonable, Prudent Mortgage Lender in England and Wales and Scotland, advancing money on the security of residential property; and
- (c) to an amount not less than the full reinstatement cost as determined by the relevant valuer.

#### **6. The Seller's Title**

- (a) Immediately prior to the purchase of any Loan and the Related Security by the Issuer, and subject to registration or recording at the Land Registry or the Registers of Scotland (as the case may be), the Seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits in relation to the Loans and Related Security agreed to be sold and/or assigned and/or held in trust by the Seller to or for the Issuer pursuant to the Mortgage Sale Agreement free and clear of all Security Interests, claims and equities (including, without limitation, rights of set-off or counterclaim and unregistered dispositions which override first registration and unregistered interests which override registered dispositions (as listed in Schedule 1 and Schedule 3 respectively of the Land Registration Act 2002) in the case of any property, interests or rights governed by English law, or any overriding interest (as defined in Section 28(1) of the Land Registration (Scotland) Act 1979) in the case of any property, interests or rights governed by Scots law), subject in each case only to the Mortgage Sale Agreement and the Borrower's equity of redemption (or, in the case of Scottish Loans, the Borrower's reversionary rights) and the Seller is not in breach of any covenant or warranty implied by reason of its selling the Portfolio with full title guarantee or, in the case of any Scottish Loans and their Related Security, with absolute warrandice

(or which would be implied if the relevant Land Registry transfers or Scottish assignments (the **Scottish Transfers**), as applicable, were completed and registered or recorded, as appropriate).

- (b) All steps necessary to perfect the Seller's title to the Loans and the Related Security were duly taken at the appropriate time or are in the process of being taken, in each case (where relevant) within any applicable priority periods or time limits for registration with all due diligence and without undue delay.
- (c) The Loan Files relating to each of the Loans and their Related Security are held by, or are under the control of:
  - (i) the Seller; or
  - (ii) the relevant Servicer.
- (d) Neither the entry by the Seller into the Mortgage Sale Agreement nor any transfer, assignment, assignation or creation of trust contemplated by the Mortgage Sale Agreement affects or will adversely affect any of the Loans and their Related Security and the Seller may freely assign and enter into trust arrangements in respect of all its rights, title, interests and benefits therein as contemplated in the Mortgage Sale Agreement without breaching any term or condition applying to any of them.
- (e) The Seller has not knowingly waived or acquiesced in any breach of any of its rights in respect of a Loan or its Related Security, other than waivers and acquiescence such as a Reasonable, Prudent Mortgage Lender might make on a case-by-case basis.

## 7. Interest Rates payable under the Loans

Each Loan in the Portfolio is either:

- (a) an SVR Loan, a Discounted SVR Loan, a Fixed Rate Loan or a Reversionary Discount Loan; or
- (b) a New Loan Type which will not result in the then current ratings of the Class A Notes being downgraded, withdrawn or qualified,

and no Loan is a Capped Rate Loan.

## 8. Regulation

- (a) In respect of any Mortgages entered into after 31 October 2004, the Seller was authorised by and had permission from the UK Regulator for entering into regulated mortgage contracts as lender at the time that it entered into each such Mortgage and continues to be so authorised and hold such permission.
- (b) From and including 31 October 2004, the Seller is authorised by and had permission from the UK Regulator for conducting any other regulated activities (as set out in the FSMA (Regulated Activities) Order 2001, as amended (the **Order**)) in respect of a Regulated Mortgage Contract (as defined in Article 61(3)(a) of the Order in respect of the Mortgages).
- (c) The Seller has complied in all material respects with all regulatory requirements in respect of the Mortgages, in particular the provisions of MCOB and CONC.

- (d) The Seller is not aware of any pending action or proceeding by an applicant against the Seller in respect of the Mortgages.
- (e) Each officer or employee of the Seller in any capacity which involves a controlled function (as defined in the UK Regulator's Rules) or involves the supervision of any person or persons so engaged is and was at all relevant times a validly registered "approved person" in accordance with the UK Regulator's Rules.
- (f) The Seller has created and maintained all records in respect of the Mortgages in accordance with the UK Regulator's Rules and any other regulatory requirement.
- (g) The Seller has not altered the terms of any letter of offer accepted by a Borrower relating to a Loan or otherwise changed any of the terms and conditions relating to any Loan other than in accordance with the terms and conditions of the letter of offer relating to a Loan as accepted by the applicable Borrower other than as requested by a Borrower.

## **9. General**

- (a) The Seller has, since the making of each Loan, kept or procured the keeping of full and proper accounts, books and records as are necessary to show all material transactions, payments, receipts, proceedings and notices relating to such Loan.
- (b) Neither the Seller nor (as far as the Seller is aware) any of its agents has received written notice of any litigation, claim, dispute or complaint (in each case, subsisting, threatened or pending) in respect of any Borrower, Property, Loan or Related Security which (if adversely determined) might have a material adverse effect on the value of the Portfolio or any part of it.
- (c) There are no governmental authorisations, approvals, licences or consents required as appropriate for the Seller to enter into or to perform its obligations under the Mortgage Sale Agreement or to render the Mortgage Sale Agreement legal, valid, binding, enforceable and admissible in evidence in a court in England and Wales or Scotland which have not been obtained.

**AVM** means an automated program that estimates a property's value based on an analysis of property characteristics against public record data;

**Buy-to-Let-Loans** means Loans taken out by Borrowers in relation to the purchase or remortgage of properties for letting purposes;

**Deed of Consent** means a deed whereby residents at a Property in relation to that Property agree with the Seller that any rights which they have in that Property will rank after the sums secured by the relevant Mortgage;

**Desktop Valuation** means an estimation of a property's value using a desktop valuation program that would be acceptable to a Reasonable, Prudent Mortgage Lender;

**Discounted SVR Loans** means those Loans or any sub-account(s) of such Loans to the extent that and for such period that their Mortgage Conditions provide that they are subject to a rate of interest at a discount to the Seller's SVR which may at any time be varied in accordance with the relevant Mortgage Conditions (and shall, for the avoidance of doubt, exclude Loans or any sub-account(s) of such Loan during the period that they are Fixed Rate Loans);

**Fixed Rate Loan** means a Loan or any sub-account(s) of such Loan to the extent that and for such time as the interest rate payable by the relevant Borrower on all or part of the outstanding balance does not vary and

is fixed for a certain period of time by the Seller and will revert to an interest rate that may be varied according to the Mortgage Conditions;

**Further Advance** means, in relation to a Loan, any advance of further money to the relevant Borrower (including any commitment to fund any further amount which has not yet been advanced or any further amount advanced but not yet drawn) following the making of the Initial Advance, which is secured by the same Mortgage as the Initial Advance, but does not include the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage;

**Halifax House Price Index** means the index of increases or decreases in house prices issued by Halifax plc in relation to residential properties in the United Kingdom;

**Indexed LTV** means the ratio of the Current Balance of the relevant Loan divided by (i) where the latest recorded valuation of the Property was made prior to 30 June 2016, the indexed valuation of the relevant Property based on the average of the Halifax House Price Index and the Nationwide House Price Index as at 30 June 2016 increased or decreased as appropriate by the increase or decrease in the UK House Price Index since 30 June 2016 and (ii) where the latest recorded valuation of the Property was made on or following 1 July 2016, the latest valuation of that Property increased or decreased as appropriate by the increase or decrease in the UK House Price Index since the date of that latest valuation;

**Interest-only Loan** means the Borrower makes monthly payments of interest but not of principal so that, when the Loan matures, the entire principal amount of the Loan is still outstanding and is payable in one lump sum;

**Loan Agreement** means, in relation to a Loan, the loan agreement entered into between the relevant Borrower and the Seller, as amended and/or restated from time to time (including the Offer Letter in relation to such Loan);

**Loan Files** means the file or files relating to each Loan (including files kept in microfiche format or similar electronic data retrieval system or the substance of which is transcribed and held on an electronic data retrieval system) containing, *inter alia*, correspondence between the Borrower and the Seller and including mortgage documentation applicable to the Loan, each letter of offer for that Loan, the Valuation Report (if applicable) and, to the extent available, the solicitor's or licensed or qualified conveyancer's certificate of title;

**LTV, LTV Ratio or Loan to Value Ratio** means the ratio (expressed as a percentage) of the outstanding balance of a Loan to the value of the Property securing that Loan;

**MH/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 Property secured thereby;

**Monthly Payment** means the amount which the relevant Mortgage Conditions require a Borrower to pay on each monthly payment date in respect of that Borrower's Loan;

**Mortgage Conditions** means all the terms and conditions applicable to a Loan, including without limitation those set out in the Seller's relevant mortgage conditions booklet and the Seller's relevant general conditions, each as varied from time to time by the relevant Loan Agreement and the relevant Mortgage Deed;

**Mortgage Deed** means, in respect of any Mortgage, the deed in written form creating that Mortgage (being, in respect of any Scottish Loans, a standard security);

**Nationwide House Price Index** means the index of increases or decreases in house prices issued by Nationwide Building Society in relation to residential properties in the United Kingdom;



**New Build Loan** means a Loan in respect of a property whose construction date is within 24 months of the mortgage application date;

**New Loan Type** means a new type of mortgage loan originated by the Seller, which the Seller intends to transfer to the Issuer, the terms and conditions of which are materially different (in the opinion of the Seller, acting reasonably) from the Loans comprised in the Portfolio (and, for the avoidance of doubt, a mortgage loan will not constitute a New Loan Type if it differs from the Loans due to it having different interest rates and/or interest periods and/or time periods for which it is subject to a fixed rate or any other interest rate or the benefit of any discounts, cash backs, caps and/or rate guarantees or if it has flexible features, provided that the relevant Loan must at all times have an interest rate that is based on generally accepted market or sectoral interest rates reflective of cost of funds and shall not reference complex formulae or derivatives);

**Offer Letter** means, in relation to a Loan, the letter from the Seller to the Borrower offering the Loan to the Borrower and in which certain terms of the Loan are set out;

**Offset Loan** means a Loan which permits the Borrower to offset the amount of monies standing to the credit of specified savings account(s) against the current balance of their Loan for the purposes of reducing the interest-bearing balance of their Loan;

**Option Date** means the date that the Underpayment Option or Tested Underpayment Option, as applicable, is made;

**Reasonable, Prudent Mortgage Lender** means a reasonably prudent residential mortgage lender lending to borrowers in England, Wales and Scotland who generally satisfies the lending criteria of traditional sources of residential mortgage capital;

**Reversionary Discount Loan** means any Fixed Rate Loan that will subsequently become a Discounted SVR Loan;

**Right-to-Buy-Loan** means a Loan in respect of a Property made in whole or in part to a Borrower for the purpose of enabling that Borrower to exercise his right to buy the relevant Property under the Housing Act 1985 and the Housing Act 1996 (each as amended and updated from time to time) (in the case of English Mortgages) and the Housing (Scotland) Act 1987 (as amended by the Housing (Scotland) Act 2001) (in the case of Scottish Mortgages);

**Scottish Transfers** means, in relation to Scottish Mortgages title to which is recorded or registered in the General Register of Sasines or the Land Register of Scotland, an assignation thereof granted by the Seller in favour of the Issuer pursuant to the Mortgage Sale Agreement in substantially the relevant form scheduled thereto;

**Self-certified Loan** means a Loan that was marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the information provided by the loan applicant might not be verified by the lender;

**Standard Documentation** means the standard documentation, a list of which is set out in Exhibit 1 to the Mortgage Sale Agreement, or any update or replacement therefor as the Seller may from time to time introduce acting in accordance with the standards of a Reasonable, Prudent Mortgage Lender;

**SVR** means the Seller's standard variable rate;

**SVR Loans** means those Loans, or any sub-account(s) of such Loan(s), to the extent and for such period that their Mortgage Conditions provide that they are subject to a rate of interest which may at any time be varied in accordance with the relevant Mortgage Conditions, including Discounted SVR Loans (and shall, for

the avoidance of doubt, exclude Loans or any sub-account(s) of such Loan(s) during the period that they are Fixed Rate Loans);

**Switch Date** means the date that the Product Switch is made;

**Third Party Buildings Policies** means the buildings insurance policies referable to each Property;

**Title Deeds** means, in relation to each Loan and its Related Security and the Property relating thereto, all conveyancing deeds and documents which relate to the title to the Property and the security for the Loan and all searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage;

**UK House Price Index** means the index of increases or decreases in house prices in relation to residential properties in the United Kingdom, published by the Office for National Statistics;

**UK Regulator** means:

- (a) in respect of the period before 1 April 2013, the FSA; and
- (b) in respect of the period on or after 1 April 2013:
  - (i) the FCA; or
  - (ii) the PRA and the FCA,as applicable;

**UK Regulator's Rules** means the rules made by the UK Regulator under the FSMA;

**Unindexed LTV** means the ratio of the Current Balance of the relevant Loan divided by the latest recorded valuation of the relevant Property; and

**Valuation Report** means the valuation report or reports for mortgage purposes, in the form of one of the pro forma contained in the Standard Documentation, obtained by the Seller from a valuer in respect of each Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a Reasonable, Prudent Mortgage Lender and which has been approved by the relevant officers of the Seller.

#### *Further Advances, Product Switches and Underpayment Options*

As used in this Prospectus, **Initial Advance** means all amounts advanced by the Seller to a Borrower under a Loan other than a Further Advance. Subject to the satisfaction of certain conditions described generally below, the Issuer will acquire Further Advances.

**Further Advances:** The Issuer shall purchase Further Advances from the Seller on the date that the relevant Further Advance is advanced to the relevant Borrowers by the Seller (the **Advance Date**). The Issuer will pay the Seller an amount equal to the principal amount of the relevant Further Advance (the **Further Advance Purchase Price**) on the Monthly Pool Date immediately following the Monthly Period in which the relevant Advance Date occurred by using amounts standing to the credit of the Principal Ledger. Where the Issuer (or the Cash Manager on its behalf) determines that the aggregate of the amounts standing to the credit of the Principal Ledger would not be sufficient to fund such Further Advance Purchase Price, the Issuer will, prior to the Class Z VFN Commitment Termination Date, make a drawing under the Class Z VFN in an amount equal to the difference between (i) amounts standing to the credit of the Principal Ledger and (ii) the Further Advance Purchase Price and use such proceeds of the Class Z VFN to fund the

purchase of Further Advances under the Loans. If the Issuer is unable to fund the purchase of any Further Advance from funds standing to the credit of the Principal Ledger and the Class Z VFN Holder fails to advance an amount equal to such shortfall in the Further Advance Purchase Price to be paid on the Monthly Pool Date, the Issuer shall not complete the purchase of the relevant Further Advance and the Seller (or, as applicable, YBS or one of its subsidiaries) must repurchase the related Loan and its Related Security in accordance with the terms of the Mortgage Sale Agreement. (See "Repurchase by the Seller" below for more details.)

If it is determined by the Servicer on the Monthly Test Date immediately following the Monthly Period in which the relevant Advance Date occurred that any of the Asset Conditions have not been met as at the last day of the Monthly Period in which the relevant Advance Date occurred (or if it is subsequently discovered that the Asset Conditions were breached as at the last day of the Monthly Period in which the relevant Advance Date occurred) in respect of the Loan subject to such Further Advance, then the Seller will have an obligation to remedy such breach within 90 days after receiving written notice of such breach from the Servicer. If such breach is not capable of remedy, or, if capable of remedy, is not remedied within the 90-day period, the Seller (or, as applicable, YBS or one of its subsidiaries) has an obligation to repurchase such Loan and its Related Security in accordance with the provisions of the Mortgage Sale Agreement. (See "Repurchase by the Seller" below for more details.)

Neither the Servicer nor the Seller shall make an offer to a Borrower for a Further Advance if it would result in the Issuer arranging or advising in respect of, administering (servicing) or entering into a regulated mortgage contract or agreeing to carry on any of these activities or if the Issuer would be required to be authorised under the FSMA to do so.

**Product Switches:** The Seller (or the Servicer on behalf of the Seller) may offer a Borrower (and the Borrower may accept), or a Borrower may request, a Product Switch. Any Loan which has been subject to a Product Switch will remain in the Portfolio provided that it continues to satisfy the Asset Conditions and it is a Permitted Product Switch. If it is subsequently determined by the Servicer on the Monthly Test Date immediately following the Monthly Period in which the Product Switch was made that any of the Asset Conditions have not been met or the Product Switch was not a Permitted Product Switch as at the last day of the Monthly Period in which the relevant Switch Date occurred (or such breach was subsequently discovered in respect of such date) in respect of a Loan which is the subject of a Product Switch and which remains in the Portfolio, then the Seller will have an obligation to remedy such breach within 90 days after receiving written notice of such breach from the Servicer. If such breach is not capable of remedy, or, if capable of remedy, is not remedied within the 90-day period, the Seller (or, as applicable, YBS or one of its subsidiaries) has an obligation to repurchase such Loan and its Related Security. (See "Repurchase by the Seller" below for more details.)

The Seller (or the Servicer on its behalf) will be solely responsible for offering and documenting any Product Switch. Neither the Servicer nor the Seller shall make an offer to a Borrower for a Product Switch if it would result in the Issuer arranging or advising in respect of, administering (servicing) or entering into a regulated mortgage contract or agreeing to carry on any of these activities or if the Issuer would be required to be authorised under the FSMA to do so.

**Product Switch** means any variation in the financial terms and conditions applicable to a Loan other than any variation:

- (a) agreed with a Borrower to control or manage arrears on the Loan or, following a request from a Borrower, the agreement to grant a payment deferral, underpayment or other action as a result of a Covid-19 related matter;

- (b) in the maturity date of the Loan (unless the maturity date would be extended to a date later than three years before the Final Maturity Date of the Notes in which case such variation will constitute a Product Switch);
- (c) imposed by statute;
- (d) in the rate of interest payable in respect of a Loan (provided that suitable hedging arrangements will be in place for such Loan for the term of such Loan, which, for Fixed Rate Loans will be compliant with the applicable Moody's and Fitch criteria at that time);
- (e) in the rate of interest payable (i) as a result of any variation in SVR or other applicable floating rates or (ii) where the terms of the Mortgage change the rate of interest payable by a Borrower on termination of an interest discount for a fixed period of time or the terms of the Mortgage otherwise change the interest rate payable,

where in the case of paragraph (d) above, the notional amount of the Interest Rate Swap Transaction would be adjusted to take account of a change to or from a fixed or floating rate until the maturity of such Loan or Loans.

**Permitted Product Switch** is a Product Switch where:

- (a) the relevant Borrower has made at least two Monthly Payments, in full, on its Loan;
- (b) the new loan for which the prior Loan is to be exchanged is either a Fixed Rate Loan or an SVR Loan that is not a Discounted SVR Loan but is not in any case an Interest-only Loan if prior to such Product Switch such Loan was not an Interest-only Loan; and
- (c) on the Monthly Test Date immediately following the making of the Product Switch, each of the Asset Conditions is satisfied.

**Underpayment Options:** If a Borrower has made overpayments in respect of its Loan such that there is a credit reserve on such Borrower's Mortgage Account (the **Overpayment Reserve**) then, for as long as there is an Overpayment Reserve in respect of its Loan, such Borrower may request to make an underpayment which is less than the amount of its monthly repayment in respect of such Loan, provided that any underpayment made in connection with a Covid-19 Payment Deferral Loan shall not constitute an Underpayment Option (for so long as the payment deferral is subsisting in relation to any such Loan) (an **Underpayment Option**). Any Loan which has been subject to an Underpayment Option will remain in the Portfolio provided that, in respect of a Loan which has been subject to an Underpayment Option in an amount greater than £25 (a **Tested Underpayment Option**), it satisfies the Asset Conditions as at the last day of the Monthly Period in which the relevant Option Date occurred. If it is subsequently determined by the Servicer on the Monthly Test Date immediately following the Monthly Period in which the Tested Underpayment Option was granted that any of the Asset Conditions have not been met as at the last day of the Monthly Period in which the relevant Option Date occurred (or such breach was subsequently discovered in respect of such date) in respect of a Loan which is the subject of a Tested Underpayment Option and which remains in the Portfolio, then the Seller will have an obligation to remedy such breach within 90 days after receiving written notice of such breach from the Servicer. If such breach is not capable of remedy, or, if capable of remedy, is not remedied within the 90-day period, the Seller (or, as applicable, YBS or one of its subsidiaries) has an obligation to repurchase such Loan and its Related Security. (See "Repurchase by the Seller" below for more details.)

The Seller (or the Servicer on its behalf) will be solely responsible for documenting any Underpayment Option.

### *Loan Porting*

If a Borrower ports (i.e. transfers to a new property) a Loan comprised in the Portfolio, such Loan will be redeemed using the proceeds of the new loan granted to the Borrower. The principal element of such amount will be applied as Available Principal Receipts and the interest element of such amount will be applied as Available Revenue Receipts on the next Interest Payment Date.

### *Repurchase by the Seller*

As set out above and below, the Seller shall repurchase the relevant Loans and their Related Security in the following circumstances:

- (a) *Breach of Loan Warranties or Eligibility Criterion on the Closing Date.* If it is determined that a Loan sold to the Issuer on the Closing Date had materially breached any of the Loan Warranties as at the Closing Date, or that an Additional Loan sold to the Issuer on a Further Sale Date (other than any Additional Loans repurchased on the Interest Payment Date immediately following the relevant Further Sale Date) had materially breached any of the Loan Warranties as at the Interest Payment Date immediately following the relevant Further Sale Date, or it is determined that the Eligibility Criterion was breached as at the Closing Date (or in respect of any Additional Loans sold to the Issuer on a Further Sale Date (other than any Additional Loans repurchased on the Interest Payment Date immediately following the relevant Further Sale Date), as at the Interest Payment Date immediately following the relevant Further Sale Date), and where such breach is either not capable of remedy or has not been remedied by the Seller within 90 days of receiving notice of such breach from the Issuer, then the Issuer shall serve a notice on the Seller (the **Loan Repurchase Notice**) requiring the Seller to repurchase such Loan on the Monthly Pool Date following the receipt by the Seller of such Loan Repurchase Notice. The repurchase price for such Loan shall be equal to its Current Balance determined as at the day before such Monthly Pool Date;
- (b) *Insufficient Funds to fund Further Advance.* If the Issuer is unable to fund the purchase of any Further Advance from funds standing to the credit of the Principal Ledger and the Class Z VFN Holder fails to advance an amount equal to such shortfall, then the Issuer shall serve a Loan Repurchase Notice on the Seller requiring the Seller to repurchase the Loan subject to such Further Advance on the Monthly Pool Date following the period in which such Further Advance was advanced. The repurchase price for such Loan shall be equal to its Current Balance determined as at the day before such Monthly Pool Date (excluding the amount of the Further Advance);
- (c) *Breach of the Asset Conditions in respect of Loans subject to a Further Advance, Product Switch and/or Tested Underpayment Options.* If it is determined that a Loan subject to a Further Advance, Product Switch or Tested Underpayment Option had not complied with the Asset Conditions on the relevant Monthly Test Date and where such breach is either not capable of remedy or has not been remedied by the Seller within 90 days of receiving notice of such breach from the Issuer, then the Issuer shall serve a Loan Repurchase Notice on the Seller requiring the Seller to repurchase such Loan subject to the relevant Further Advance, Product Switch or Tested Underpayment Option on the Monthly Pool Date following the receipt by the Seller of such Loan Repurchase Notice. The repurchase price for such Loan shall be equal to its Current Balance determined as at the day before such Monthly Pool Date (excluding, if applicable, the amount of any Further Advance which has not yet been paid for by the Issuer);
- (d) *Breach of the Additional Loan Conditions (described below) in respect of Additional Loans sold to the Issuer during the Further Sale Period.* If it is determined that an Additional Loan sold to the Issuer during the Further Sale Period has not complied with the Additional Loan Conditions on the basis of the position in relation to such Additional Loans and data calculated as at the last day of the Monthly Period in which the relevant Further Sale Date occurred (as tested on the Monthly Test Date

immediately following the Monthly Period in which the relevant Further Sale Date occurred), where such breach is either not capable of remedy or has not been remedied by the Seller within 90 days of receiving notice of such breach from the Issuer, then the Issuer shall serve a Loan Repurchase Notice on the Seller requiring the Seller to repurchase such Loan on the Monthly Pool Date following the receipt by the Seller of such Loan Repurchase Notice. The repurchase price for such Loan shall be equal to its Current Balance determined as at the date before such Monthly Pool Date;

- (e) *Interest Rate Hedging*: If YBS is replaced as the Interest Rate Swap Provider, then the Seller will be required to repurchase any Loan subject to a Further Advance or Product Switch (in each case after the date of replacement of YBS as the Interest Rate Swap Provider) on the Monthly Pool Date immediately following the Monthly Period in which such Advance Date and/or Switch Date occurred. The repurchase price for such Loan shall be equal to its Current Balance determined as at such Monthly Pool Date (excluding, if applicable, the amount of any Further Advance which has not yet been paid for by the Issuer); and
- (f) *Covid-19 Payment Deferral*. The Seller may at its option repurchase a Covid-19 Payment Deferral Loan on the Monthly Pool Date immediately following the Monthly Period in which the relevant payment deferral was granted. The repurchase price for such Loan shall be equal to its Current Balance determined as at the day before such Monthly Pool Date.

In addition to the above and in relation to Additional Loans, the Seller may repurchase any Additional Loans sold to the Issuer on a Further Sale Date on the Interest Payment Date immediately following the relevant Further Sale Date on which such Additional Loans were sold to the Issuer if such Additional Loans would, if the Additional Loan Conditions were tested in relation to such Loans, breach any of the Additional Loan Conditions or if such Loans remaining in the Portfolio would cause the Issuer or YBS, as applicable, to breach any terms of the Transaction Documents. The consideration for such repurchase shall be an amount equal to the Current Balance of the relevant Additional Loans determined as at the day before such Interest Payment Date.

#### *No active portfolio management*

The Seller's rights and obligations to sell Loans and their Related Security to the Issuer and/or repurchase Loans and their Related Security from the Issuer pursuant to the Mortgage Sale Agreement (including with respect to breach of Loan Warranties or Eligibility Criterion, insufficient funds to fund a Further Advance, breach of the Asset Conditions, breach of the Additional Loan Conditions, interest rate hedging and any discretionary repurchase of a Covid-19 Payment Deferral Loan) do not constitute active portfolio management for purposes of Article 20(7) of the UK Securitisation Regulation.

#### *Centre of main interests*

Pursuant to the Mortgage Sale Agreement, the Seller shall confirm that its "centre of main interests" for the purposes of the EU Insolvency Regulation, the UK Insolvency Regulation and the UNCITRAL Implementing Regulations is in England and Wales and that it has no "establishment" (as defined in the EU Insolvency Regulation, the UK Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England and Wales.

#### **YBS Guarantee**

YBS will provide a guarantee to the Issuer in respect of the repurchase obligations of the Seller under the Mortgage Sale Agreement. If the Seller is required to repurchase a Loan pursuant to the terms of the Mortgage Sale Agreement and fails to do so, then YBS will procure that it or one of its subsidiaries repurchases such Loan on the relevant Monthly Pool Date at a repurchase price equal to its Current Balance determined as at the day before such Monthly Pool Date.

## Asset Conditions

In order for any Loan which has been the subject of a Further Advance, Product Switch or a Tested Underpayment Option to remain in the Portfolio, the following conditions (the **Asset Conditions**) must be complied with as of the Monthly Test Date (using data calculated as at the last day of the immediately preceding Monthly Period) immediately following the Monthly Period in which the relevant Switch Date, Option Date or Advance Date (as applicable) occurred. The Asset Conditions will be tested on the Monthly Test Date immediately following the Monthly Period in which such sale of the Further Advance, Product Switch or Tested Underpayment Option took place.

The Asset Conditions are:

- (a) the Current Balance of the Loans comprising the Portfolio, in respect of which the aggregate amount in arrears is more than three times the Monthly Payment then due, is less than 3% of the aggregate Current Balance of the Loans comprising the Portfolio at that date;
- (b) the General Reserve Fund is at the General Reserve Required Amount;
- (c) the Cash Manager is not aware that the then current ratings of the Class A Notes then outstanding would be downgraded, withdrawn or qualified as a result of the relevant Further Advance, Product Switch and/or Tested Underpayment Option remaining in the Portfolio;
- (d) each Loan and its Related Security which is the subject of a Further Advance, Product Switch and/or a Tested Underpayment Option complies at the date of such Further Advance, Product Switch and/or Tested Underpayment Option with the Loan Warranties;
- (e) the relevant Rating Agency Tests will not be breached as a result of the relevant Further Advance, Product Switch and/or Tested Underpayment Option remaining in the Portfolio (after taking into account any drawing under the Class Z VFN);
- (f) the Eligibility Criterion has not been breached;
- (g) if the making of a Product Switch would result in a New Loan Type being included in the Portfolio and advance notice in writing of any such Loans subject to a Product Switch and/or Further Advance remaining in the Portfolio has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the Class A Notes as a consequence thereof;
- (h) the Interest Rate Swap Transaction, which complies with the applicable Moody's and Fitch criteria, hedges against the interest rates payable in respect of such Further Advance, Product Switch and/or Tested Underpayment Option until the maturity of such Loan;
- (i) the Class A Principal Deficiency Ledger does not have a debit balance as at the most recent Interest Payment Date after applying all Available Revenue Receipts on that Interest Payment Date;
- (j) the aggregate amount of all Further Advances made since the Initial Portfolio Creation Date does not exceed 2% of the Current Balance of the Loans comprised in the Portfolio on the Initial Portfolio Creation Date;
- (k) if the short-term unsecured, unguaranteed and unsubordinated debt obligation rating of the Seller or (where the Seller does not have an independent rating) YBS is rated less than P-2 by Moody's or the short-term issuer default rating of the Seller or (where the Seller does not have an independent rating) YBS is rated less than F-2 by Fitch, respectively as at a Monthly Pool Date, the Seller has

delivered a solvency certificate to the Security Trustee in accordance with the Mortgage Sale Agreement;

- (l) in respect of Further Advances, Product Switches or Tested Underpayment Options, the Advance Date, the Switch Date or the Option Date (as the case may be) falls before the Step-Up Date;
- (m) in respect of Further Advances, such Further Advances will not be or become Capped Rate Loans;
- (n) in respect of Further Advances that are Reversionary Discount Loans, the loan will not become a Discounted SVR Loan for a period of greater than three years and the combined period that the loan is a Fixed Rate Loan or a Discounted SVR Loan will not exceed five years and six months;
- (o) in respect of Further Advances that are Reversionary Discount Loans, the interest rate during the period that the Loan is a Discounted SVR Loan will exceed Compounded Daily SONIA, determined for the last Interest Payment Date prior to the Monthly Test Date, plus 2.35%;
- (p) in respect of Product Switches, a Loan does not become a Fixed Rate Loan with a remaining fixed rate term of more than five years and six months (such term determined from the date the new loan is entered into by the relevant Borrower); and
- (q) no Seller Insolvency Event has occurred.

**Rating Agency Tests** means tests which satisfy each of the following conditions as at the last day of the Monthly Period immediately preceding the relevant Monthly Test Date:

- (a) for Further Advances, the weighted average original LTV ratio (calculated by dividing the Total Debt Advanced by the Original Valuation, the **Original LTV Ratio**) of the Loans in the Portfolio does not exceed 80%; and
- (b) for Further Advances, the Original LTV Ratio of each Loan is less than 90%.

**Original Valuation** means the property valuation at the time of the latest advance.

**Total Debt Advanced** means the total amount of debt outstanding immediately following the last advance.

#### **Additional Loan Conditions**

In order for any Additional Loans which have been sold to the Issuer during the Further Sale Period to remain in the Portfolio, the following conditions (the **Additional Loan Conditions**) must be complied with as at the last day of the Monthly Period in which the relevant Further Sale Date occurred. The Additional Loan Conditions will be tested (on the basis of the position in relation to the relevant Loans and data calculated as at the last day of the Monthly Period in which the relevant Further Sale Date occurred) on the Monthly Test Date immediately following the Monthly Period in which the sale of such Additional Loans to the Issuer took place.

The Additional Loan Conditions are:

- (a) the documents required to be delivered pursuant to the Mortgage Sale Agreement in connection with the sale and purchase of such Additional Loans are delivered to the Issuer;
- (b) the relevant Further Sale Date falls on a date which is prior to the Step-Up Date;
- (c) the Additional Loans (other than any Additional Loans repurchased on the Interest Payment Date immediately following the relevant Further Sale Date) are not in breach of any of the Loan



Warranties as tested on the Interest Payment Date immediately following the relevant Further Sale Date;

- (d) the purchase by the Issuer of the Additional Loans and any Related Security would not cause the then current rating of the Class A Notes to be downgraded, qualified or withdrawn;
- (e) no Event of Default shall have occurred which is continuing or remains unwaived;
- (f) if the short-term unsecured, unguaranteed and unsubordinated debt obligation rating of the Seller or (where the Seller does not have an independent rating) YBS is rated less than P-2 by Moody's or the short-term issuer default rating of the Seller or (where the Seller does not have an independent rating) YBS is rated less than F-2 by Fitch, respectively as at a Monthly Pool Date, the Seller has delivered a solvency certificate to the Security Trustee in accordance with the Mortgage Sale Agreement;
- (g) no Further Sale Period Termination Event has occurred or will occur as a result of the sale and purchase of such Additional Loan;
- (h) the weighted average current Unindexed LTV of the Portfolio will not exceed 80%;
- (i) the Current Balance of the Loans in the Portfolio (including Further Advances) with an Original LTV Ratio of more than 85% will not exceed 40.0% of the aggregate Current Balance of the Loans in the Portfolio;
- (j) the Current Balance of the Interest-only Loans in the Portfolio will not exceed 10.0% of the aggregate Current Balance of the Loans in the Portfolio;
- (k) the Current Balance of the Loans with Borrowers who are self-employed or contractors in the Portfolio will not exceed 17.50% of the aggregate Current Balance of the Loans in the Portfolio;
- (l) each Additional Loan must be a Fixed Rate Loan, an SVR Loan, a Discounted SVR Loan or a Reversionary Discount Loan but is not or will not become a Capped Rate Loan;
- (m) in relation to an Additional Loan that is a Reversionary Discount Loan, the loan will not become a Discounted SVR Loan for a period of greater than three years and the combined period that the loan is a Fixed Rate Loan or a Discounted SVR Loan will not exceed five years and six months;
- (n) the Issuer has, where required, entered into appropriate hedging arrangements in respect of such Additional Loans;
- (o) the remaining fixed rate period applicable to each Additional Loan that is a Fixed Rate Loan will not be longer than five years and six months;
- (p) the weighted average remaining life of the fixed rate period of the Fixed Rate Loans in the Portfolio will not exceed three years and six months;
- (q) the Current Balance of the New Build Loans in the Portfolio will not exceed 12.50% of the aggregate Current Balance of the Loans in the Portfolio; and
- (r) in relation to an Additional Loan that is a Reversionary Discount Loan, the Interest Rate during the period that the loan is a Discounted SVR Loan will exceed Compounded Daily SONIA, determined for the Interest Payment Date immediately preceding the last day of the Monthly Period in which the relevant Further Sale Date occurred, plus 2.35%.

**Further Sale Period Termination Event** means the occurrence of any one of the following events:

- (a) the Step-Up Date;
- (b) a Seller Insolvency Event or, to the extent YBS is not the Servicer, an insolvency event of the relevant servicer;
- (c) an unremedied breach by the Seller of any of its obligations under the Transaction Documents, which breach has (or, with the passage of time, would have) a Material Adverse Effect;
- (d) YBS ceases to be the Interest Rate Swap Provider;
- (e) following the application of the Pre-Acceleration Revenue Priority of Payments on an Interest Payment Date, the debit balance recorded to the Class Z VFN Principal Deficiency Ledger is in excess of 1% of the aggregate Sterling Equivalent Principal Amount Outstanding of all Notes as at that Interest Payment Date;
- (f) (A) following the application of the Pre-Acceleration Revenue Priority of Payments on an Interest Payment Date, the Liquidity Reserve Fund (if required to be established) is not fully funded to the Liquidity Reserve Fund Required Amount or (B) following any drawings under the Class Z VFN and the application of the Pre-Acceleration Revenue Priority of Payments on an Interest Payment Date, the General Reserve Fund is not funded to the General Reserve Required Amount;
- (g) redemption in full of the Class A Notes;
- (h) the amount standing to the credit of the Retained Principal Ledger is greater than 3.5% of the aggregate Current Balance of the Loans in the Portfolio as at the Initial Portfolio Creation Date;
- (i) the aggregate Current Balance of the Loans in the Portfolio which are three or more months in arrears is greater than or equal to 3% of the aggregate Current Balance of all Loans in the Portfolio as at the last day of the Monthly Period in which a Further Sale Date occurs; or
- (j) the date on which the Seller ceases to originate new loans that are capable of meeting the predetermined credit quality requirements set out in the Mortgage Sale Agreement and complying in all material respects with the Loan Warranties.

### *Governing Law*

The Mortgage Sale Agreement will be governed by English law (other than certain aspects relating to the Scottish Loans and their Related Security which are governed by Scots law).

### **Servicing Agreement**

#### *Introduction*

On or about the Closing Date, the Servicer will be appointed by the Issuer and, in the case of Scottish Loans for so long as they are subject to the trust created by the Scottish Declaration of Trust (the **Scottish Trust**), the Seller in its capacity as trustee on the instructions of the Issuer as beneficiary in terms of the Scottish Trust to be its agent to service the Loans and their Related Security. The Servicer must comply with any proper directions and instructions that the Issuer or, following service of a Note Acceleration Notice, the Security Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement.

The Servicer's actions in servicing the Loans and their Related Security in accordance with its procedures are binding on the Issuer. The Servicer may, in some circumstances, delegate or sub-contract some or all of its responsibilities and obligations under the Servicing Agreement. However, the Servicer remains liable at all times for servicing the Loans and their Related Security and for the acts or omissions of any delegate or sub-contractor.

#### *Powers*

Subject to the guidelines for servicing set forth in the preceding section, the Servicer has the power, among other things:

- (a) to exercise the rights, powers and discretions of the Issuer in relation to the Loans and their Related Security and to perform its duties in relation to the Loans and their Related Security; and
- (b) to do or cause to be done any and all other things which it reasonably considers necessary or convenient or incidental to the servicing of the Loans and their Related Security or the exercise of such rights, powers and discretions.

#### *Undertakings by the Servicer*

The Servicer has undertaken, among other things, to:

- (a) service the Loans and their Related Security sold by the Seller to the Issuer as if the same had not been sold to the Issuer but had remained with the Seller in accordance with the originating, underwriting, administration, arrears and enforcement policy for their repayment which are beneficially owned solely by the Seller applied by the Seller from time to time to such Loans and their Related Security (the **Seller's Policy**);
- (b) provide the Services in such manner and with the same level of skill, care and diligence as would a Reasonable, Prudent Mortgage Lender;
- (c) comply with any proper directions, orders and instructions which the Issuer may from time to time give to it in accordance with the provisions of the Servicing Agreement;
- (d) keep in force all approvals, authorisations, permissions and consents required in order properly to service the Loans and their Related Security and to perform or comply with its obligations under the Servicing Agreement, and to prepare and submit all necessary applications and requests for any further approvals, authorisations, permissions, registrations and consents required in connection with the performance of the Services under the Servicing Agreement, and in particular any necessary notification under Regulation (EU) 2016/679 (the **GDPR**) and/or the Data Protection Act 2018, and any authorisation and permissions under the FSMA;
- (e) save as otherwise agreed with the Issuer, provide, upon written request free of charge to the Issuer, office space, facilities, equipment and staff sufficient to enable the Issuer to perform its obligations under the Servicing Agreement;
- (f) not knowingly fail to comply with any legal or regulatory requirements in the performance of the Services;
- (g) make all payments required to be made by it pursuant to the Servicing Agreement on the due date for payment thereof in sterling (or as otherwise required under the Transaction Documents) 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 by law;

- (h) not without the prior written consent of the Security Trustee amend or terminate any of the Transaction Documents save in accordance with their terms;
- (i) as soon as reasonably practicable upon becoming aware of any event which may reasonably give rise to an obligation of the Seller (or YBS or any of its subsidiaries) to repurchase any Loan sold by the Seller to the Issuer pursuant to the Mortgage Sale Agreement, notify the Issuer in writing of such event;
- (j) use best efforts to appoint a back-up servicer on terms similar to those set out in the Servicing Agreement, taking into account the then current market conditions;
- (k) on or prior to each Monthly Pool Date, provide the Cash Manager and Seller with a report detailing the information relating to the Portfolio necessary to produce the Investor Report (the **Servicer Report**);
- (l) provide to the Cash Manager all information in its possession necessary for any reporting obligation to be undertaken by the Cash Manager on behalf of YBS in accordance with the UK Securitisation Regulation and the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date); and
- (m) deliver to the Issuer and the Security Trustee as soon as reasonably practicable, but in any event within five Business Days of becoming aware thereof, a notice of any Servicer Termination Event or any event which with the giving of notice or lapse of time or certification would constitute the same.

#### *Setting of Interest Rates on the Loans*

In addition to the undertakings described above, the Servicer has also undertaken in the Servicing Agreement to determine and set, in relation to the Loans in the Portfolio, the standard variable rate applicable to Loans in the Portfolio as set, other than in limited circumstances, by the Servicer, in accordance with the terms of the Servicing Agreement (the **Issuer Standard Variable Rate**) and any other discretionary rates or margins applicable in relation to the Loans comprising the Portfolio from time to time. The Servicer will not (except in limited circumstances) at any time set or maintain:

- (a) the Issuer Standard Variable Rate applicable to any SVR Loans in the Portfolio at rates which are higher than (although they may be equal to) the then prevailing relevant SVR which applies to Loans beneficially owned by the Seller outside the Portfolio (the **Seller Standard Variable Rates** and, together with the Issuer Standard Variable Rates, the **Standard Variable Rates**); or
- (b) any other discretionary rate or margin (together with the Standard Variable Rates, the **Discretionary Rates**) in respect of any other Loan in the Portfolio which is higher than (although it may be equal to) the interest rate or margin of the Seller, which applies to that type of Loan beneficially owned by the Seller outside the Portfolio.

In particular, the Servicer shall determine as of each Calculation Date immediately preceding each Interest Payment Date, having regard to the aggregate of:

- (a) the revenue which the Issuer would expect to receive during the next succeeding Collection Period;
- (b) the Discretionary Rates or margins applicable in respect of the loans which the Servicer proposes to set under the Servicing Agreement; and
- (c) the other resources available to the Issuer, including the Interest Rate Swap Transaction, the Currency Swap Transaction, the General Reserve Fund and the Liquidity Reserve Fund (if established),

whether the Issuer would receive an amount of revenue during the relevant Interest Period which is less than the amount which is the aggregate of the amount of interest which would be payable in respect of the Notes on the Interest Payment Date falling at the end of that Interest Period and amounts which rank in priority thereto under the Priority of Payments.

If the Servicer determines that there would be a shortfall in the foregoing amounts, it will give written notice to the Issuer within three Business Days of such determination of the amount of the shortfall.

If the Issuer notifies the Servicer that, having regard to the obligations of the Issuer, the Discretionary Rates should be increased, then the Servicer will take all steps which are necessary to increase the Discretionary Rates, including publishing any notice which is required in accordance with the applicable mortgage terms.

Prior to the delivery of a Note Acceleration Notice, the Issuer (with the prior written consent of the Security Trustee) and, following delivery of a Note Acceleration Notice, the Security Trustee may terminate the authority of the Servicer under the Servicing Agreement to determine and set the Discretionary Rates on or after the occurrence of a Servicer Termination Event (as defined under "Removal or Resignation of the Servicer" below) (provided that neither the Issuer nor the Security Trustee will be entitled to terminate such authority if the Servicer has been appointed as substitute servicer under any master servicing agreement), in which case the Issuer shall set the Discretionary Rates itself in accordance with the above provisions.

As soon as reasonably practicable following a Perfection Event, the Servicer shall take all steps which are necessary to set the Issuer Standard Variable Rate (including publishing any notice which is required in accordance with the Mortgage Conditions to effect such change in the Issuer Standard Variable Rate) to a rate not less than a rate equivalent to Compounded Daily SONIA at the most recent Interest Determination Date plus 2% and thereafter the Servicer shall set the Issuer Standard Variable Rate on a monthly basis at a rate not less than Compounded Daily SONIA at the most recent Interest Determination Date plus 2%, and for these purposes if Compounded Daily SONIA as at the most recent Interest Determination Date is less than zero, Compounded Daily SONIA shall be deemed to be zero.

#### *Reasonable, Prudent Mortgage Lender*

For the avoidance of doubt, any action taken by the Servicer to set the Discretionary Rates which are lower than that of the competitors of the Seller will be deemed to be in accordance with the standards of a Reasonable, Prudent Mortgage Lender.

#### *Compensation of the Servicer*

The Servicer receives a fee for servicing the Loans and their Related Security. So long as YBS (or any member of the YBS Group) is the Servicer, the Issuer pays to the Servicer a servicing fee (inclusive of VAT, if any) of 0.08% per annum on the aggregate Current Balance of the Loans in the Portfolio as determined on the last day of the calendar month before the preceding Calculation Date. The fee is payable quarterly in arrears on each Interest Payment Date in the manner contemplated by, and in accordance with, the Pre-Acceleration Revenue Priority of Payments or, as the case may be, the Post-Acceleration Priority of Payments. If a substitute servicer from outside the YBS Group is appointed in accordance with the terms of the Servicing Agreement, the Issuer shall pay the successor servicer for its services a fee to be determined at the time of such appointment.

#### *Removal or Resignation of the Servicer*

The Issuer (subject to the prior written consent of the Security Trustee) may, upon written notice to the Servicer, terminate the Servicer's appointment under the Servicing Agreement if any of the following events (each, a **Servicer Termination Event**) occurs and while such event continues:

- (a) the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of 30 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer, the Seller or the Security Trustee, as the case may be, requiring the same to be remedied;
- (b) the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which failure in the reasonable opinion of the Issuer (prior to the delivery of a Note Acceleration Notice) or the opinion of the Security Trustee acting on the instructions of the Note Trustee (after the delivery of a Note Acceleration Notice) is materially prejudicial to the interests of the Noteholders, and the Servicer does not remedy that failure within 30 Business Days after the earlier of the Servicer becoming aware of the failure or of receipt by the Servicer of written notice from the Issuer, the Seller or the Security Trustee requiring the Servicer's non-compliance to be remedied, provided that where the relevant default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations under the Servicing Agreement, such default shall not constitute a Servicer Termination Event if, within such period of 30 Business Days of receipt of such notice from the Issuer and the Security Trustee, the Servicer terminates the relevant sub-contracting or delegation arrangements and takes such steps as the Issuer and the Security Trustee may in their absolute discretion (in the case of the Security Trustee, on the instructions of the Note Trustee) specify to remedy such default or to indemnify the Issuer and/or the Security Trustee against the consequences of such default; or
- (c) a third party becomes obliged to undertake the servicing of the Loans (other than as master servicer) pursuant to any back-up servicing agreement contemplated under the Servicing Agreement; or
- (d) an Insolvency Event occurs in relation to the Servicer.

Subject to the fulfilment of a number of conditions, the Servicer may voluntarily resign by giving not less than 12 months' written notice to, among others, the Security Trustee and the Issuer (or such shorter time as may be agreed between the Servicer, the Issuer and the Security Trustee) with a copy to each Rating Agency, provided that a substitute servicer qualified to act as such under the FSMA and with a management team with experience of servicing residential mortgages in the United Kingdom has been appointed and enters into a servicing agreement with the Issuer substantially on the same terms as the Servicing Agreement. The resignation of the Servicer is conditional on the resignation having no adverse effect on the then current ratings of the Notes unless the Noteholders agree otherwise by Extraordinary Resolution.

If the appointment of the Servicer is terminated or the Servicer resigns, the Servicer must deliver the Loan Files relating to the Loans comprised in the Portfolio in its possession to, or at the direction of, the Issuer. The Servicing Agreement will terminate at such time as the Issuer has no further interest in any of the Loans or their Related Security serviced under the Servicing Agreement that have been comprised in the Portfolio.

Neither the Note Trustee nor the Security Trustee is obliged to act as servicer in any circumstances.

**Insolvency Event** means, in respect of the Servicer, the Account Bank, the Corporate Services Provider or the Cash Manager (each, for the purposes of this definition, a **Relevant Entity**):

- (a) an order is made or an effective resolution passed for the winding up of the Relevant Entity; or
- (b) the Relevant Entity ceases or threatens to cease to carry on the whole of its business or stops payment or threatens to stop payment of its debts or is deemed unable to pay its debts within the meaning of Section 123(1)(a), (b), (c) or (d) 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, contingent and prospective liabilities) or it otherwise becomes insolvent; or

- (c) proceedings (including, but not limited to, presentation of an application for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) are initiated against the Relevant Entity under any applicable liquidation, administration, reorganisation (other than a reorganisation where the Relevant Entity is solvent) or other similar laws, save where such proceedings are being contested in good faith; or an administrative or other receiver, administrator or other similar official is appointed in relation to the whole or substantial part of the undertaking or assets of the Relevant Entity or the appointment of an administrator takes effect; or a distress, execution or diligence or other process is enforced upon the whole or substantial part of the undertaking or assets of the Relevant Entity and, in any of the foregoing cases, it is not discharged within 15 Business Days; or if the Relevant Entity initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, 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.

#### *Liability of the Servicer*

The Servicer will indemnify each of the Issuer and the Security Trustee on demand on an after-tax basis for any loss, liability, claim, expense or damage suffered or incurred by it in respect of the negligence, fraud or wilful default of the Servicer or any of its sub-contractors or delegates in carrying out its functions as Servicer under, or as a result of a breach by the Servicer of the terms and provisions of, the Servicing Agreement or such other Transaction Documents to which the Servicer is a party (in its capacity as such) in relation to such functions.

#### *Back-Up Servicer Facilitator*

Under the Servicing Agreement, in the event that the Servicer has ceased to be assigned (i) a counterparty risk assessment of at least Baa3(cr) by Moody's or (ii) a long-term issuer default rating of at least BBB- by Fitch (or (A) such other lower risk assessment/rating which is consistent with the then current methodology of the relevant Rating Agency or (B) such other lower risk assessment/rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes or (C) such other lower risk assessment/rating as the Note Trustee may (but shall not be obliged to) agree), the Servicer, with the assistance of the Back-Up Servicer Facilitator, shall, within 60 days of the date on which it has ceased to be so rated, use reasonable endeavours to enter into a back-up servicing agreement with a back-up servicer with suitable experience and credentials in such form as the Issuer and the Security Trustee shall reasonably require, subject to and in accordance with the provisions of the Servicing Agreement.

#### *Governing Law*

The Servicing Agreement will be governed by English law, provided that any terms of the Servicing Agreement which are peculiar to Scots law will be 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):

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit in and to the Transaction Documents (subject to any set-off or netting provisions provided therein) (other than the Trust Deed, each Scottish Declaration of Trust and the Deed of Charge);
- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's interest in the English Loans and the English Mortgages and their other Related Security and other related rights comprised in the Portfolio;
- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit to and under insurance policies sold 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 Seller over such Scottish Loans and Related Security for benefit of the Issuer pursuant to the Scottish Declaration of Trust);
- (e) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in its bank accounts and any other account (including any securities accounts) in which it has an interest and any sums or securities standing to the credit thereof;
- (f) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer; and
- (g) a floating charge over all other assets of the Issuer not otherwise subject to a fixed charge but extending over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not the subject of fixed charges as aforesaid).

Upon any further Scottish Declaration of Trust being entered into by the Seller in favour of the Issuer after the Closing Date following a Further Sale Date or otherwise, the Issuer will deliver to the Security Trustee an assignment in security of its beneficial interest in the Scottish Loans and their Related Security (comprising the Issuer's beneficial interest under the trust declared by the Seller pursuant to such further Scottish Declaration of Trust) (each, a **Scottish Supplemental Charge**).

Upon a Perfection Event occurring, the Issuer will be obliged in terms of the Deed of Charge to enter into further fixed security in respect of its legal title to the Scottish Loans and their Related Security in the Portfolio pursuant to a Scottish sub-security, the form of which is scheduled to the Deed of Charge (each, a **Scottish Sub-Security**).

**Authorised Investments** means:

- (a) money market funds that meet the ESMA Short-Term Money Market Fund definition, set out in Guideline reference 10-049 of the Committee for European Securities Regulators, and indicated within this Prospectus that they are defined as such (provided, for the avoidance of doubt, that any such fund must hold an AAAM money market fund rating from Standard & Poor's Credit Market Services Europe Limited (**S&P**) and an Aaa-mf money market fund rating from Moody's), or money market funds that hold AAAM and Aaa-mf money market fund ratings from S&P and Moody's,



respectively, and, if rated by Fitch, an AAAMf money market fund rating from Fitch, provided that, in either case, any such fund does not itself invest in securitised products;

- (b) sterling gilt-edged securities; and
- (c) sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper),

provided that in all cases such investments will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and such investments (i) have a maturity date of 90 days or less and mature before the next following Interest Payment Date or within 90 days, whichever is sooner, (ii) may be broken or demanded by the Issuer (at no cost to the Issuer) before the next following Interest Payment Date or within 90 days, whichever is sooner, and (iii) in the case of paragraphs (b) and (c) above, are rated at least F1+ by Fitch and P-1 by Moody's (and AA- (long-term) by Fitch and Aa3 by Moody's if the investments have a long-term rating).

**Transaction Documents** means the Servicing Agreement, the Agency Agreement, the Bank Account Agreement, the Collateral Account Bank Agreement, the Guaranteed Investment Contract, the Cash Management Agreement, the Corporate Services Agreement, the Deed of Charge (and any documents entered into pursuant to the Deed of Charge), the Interest Rate Swap Agreement, the Currency Swap Agreement, the Issuer Power of Attorney, the Master Definitions and Construction Schedule, the Mortgage Sale Agreement, each Scottish Declaration of Trust, the Seller Power of Attorney, the Trust Deed and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes.

**Secured Creditors** means the Security Trustee, the Note Trustee, the Noteholders, the Seller, the Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Interest Rate Swap Provider and any replacement interest rate swap provider, the Currency Swap Provider and any replacement currency swap provider, the Account Bank, the GIC Provider, the Collateral Account Bank, the Corporate Services Provider, the Paying Agents, the Class Z VFN Registrar, the Agent Bank and any other person who is expressed in the Deed of Charge or any deed supplemental to the Deed of Charge to be a secured creditor.

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 following the occurrence of specific events set out in the Deed of Charge, including, among other events, when an Event of Default occurs, except in relation to the Issuer's Scottish assets, where crystallisation will occur on the appointment of 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-Acceleration Revenue Priority of Payments and Pre-Acceleration Principal Priority of Payments*

Prior to the Note Trustee serving a Note Acceleration Notice on the Issuer pursuant to Condition 10 (Events of Default) of the Notes, 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 Transaction Account as described in "Cashflows – Application of Available Revenue Receipts Prior to the Service of a Note Acceleration Notice on the Issuer" and "Cashflows – Application of Available Principal Receipts Prior to the Service of a Note Acceleration Notice on the Issuer".

### *Post-Acceleration Priority of Payments*

After the Note Trustee has served a Note Acceleration Notice (which has not been withdrawn) on the Issuer pursuant to Condition 10 (Events of Default) of the Notes, declaring the Notes to be immediately due and payable, the Security Trustee (or the Cash Manager on its behalf) shall apply the monies available in accordance with the Post-Acceleration Priority of Payments defined in "Cashflows – Distribution of Available Principal Receipts and Available Revenue Receipts Following the Service of a Note Acceleration Notice on the Issuer".

The Security will become enforceable following the service of a Note Acceleration Notice on the Issuer pursuant to Condition 10 (Events of Default) of the Notes, provided that, if the Security has become enforceable 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 sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the Class A Noteholders (and all persons ranking in priority thereto as set out in the order of priority of payment below) or, once all of the Class A Noteholders have been repaid in full, to the Class Z VFN Holder (and all persons ranking in priority thereto as set out in the order of priority of payment below) or the Security Trustee is of the opinion that the cashflow 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 Class A Noteholders (and all persons ranking in priority thereto as set out in the order of priority below) or, once all of the Class A Noteholders have been repaid in full, to the Class Z VFN Holder (and all persons ranking in priority thereto as set out in the order of priority of payment below), 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.

For the purposes of Article 21(4)(d) of the UK Securitisation Regulation, no provision of the Deed of Charge requires automatic liquidation upon default of the Issuer.

### *Governing Law*

The Deed of Charge will be governed by English law and aspects relating to Scottish Loans and their Related Security (including any Scottish Supplemental Charge or Scottish Sub-Security entered into pursuant thereto) 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 are subject to the provisions in the Trust Deed. The Conditions and the forms of the Notes are 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 on trust for the Noteholders.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Note Trustee (which is exclusive of VAT) for its services under the Trust Deed at the rate and times agreed between the Issuer and the Note Trustee, 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 assigning any reason therefor and without being responsible for any costs occasioned by such retirement. The Controlling Class 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 trustee (being a trust corporation) in office after such retirement or removal by Extraordinary Resolution of the Controlling Class then outstanding. 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 Extraordinary Resolution of the Controlling Class 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 Controlling Class then outstanding.

#### *Governing Law*

The Trust Deed will be governed by English law.

#### **Agency Agreement**

On or prior to the Closing Date, the Issuer, the Note Trustee, the Principal Paying Agent, the Agent Bank, the Registrar, the DTC Custodian, the U.S. Paying Agent, the Class Z VFN Registrar and the Security Trustee will enter into the Agency Agreement pursuant to which provision will be made for, among other things, payment of principal and interest in respect of the Notes.

#### *Governing Law*

The Agency Agreement 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 the 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. The Cash Manager's principal function will be effecting payments to and from the GIC Account, any Collateral Account or the Transaction Account, as the case may be. In addition, the Cash Manager will:

- (a) publish when and in the manner set out therein, the information and reports as more fully set out in the section of this Prospectus headed "Summary of the Key Transaction Documents – Cash Management Agreement – Investor Reports and Information";
- (b) calculate the Available Revenue Receipts and Available Principal Receipts of the Issuer;
- (c) calculate any Revenue Deficiency, any Class A1 Target Amortisation Amount Shortfall, any Class A2 Target Amortisation Amount Shortfall, any Class A3 Target Amortisation Amount Shortfall and

any Initial Revenue Shortfall, Covid-19 Payment Deferral Amount and Covid-19 Revenue Shortfall Amount;

- (d) apply, or cause to be applied, Available Revenue Receipts, in accordance with the Pre-Acceleration Revenue Priority of Payments and Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments (including, during the Further Sale Period and in relation to an Interest Payment Date immediately following a Further Sale Date, towards the purchase of any Additional Loans);
- (e) if required by the Security Trustee, apply, or cause to be applied, Available Revenue Receipts and Available Principal Receipts in accordance with the Post-Acceleration Priority of Payments;
- (f) record credits to, and debits from, the General Reserve Ledger, the Principal Ledger, the Revenue Ledger, the Issuer Profit Ledger, the Retained Principal Ledger, the Principal Deficiency Ledger and the Liquidity Reserve Ledger as and when required;
- (g) make payments of the consideration for a Further Advance to the Seller;
- (h) make a drawing under the Class Z VFN as required, including, without limitation:
  - (i) any drawing required to fund the Further Advance Purchase Price, and apply such amounts advanced under the Class Z VFN to fund such Further Advances;
  - (ii) (at the sole discretion of the Class Z VFN Holder) to fund (in whole or in part) any of Class A1 Target Amortisation Amount Shortfall, Class A2 Target Amortisation Amount Shortfall or Class A3 Target Amortisation Amount Shortfall and apply such amounts advanced under the Class Z VFN to pay the relevant Paying Agent (for the account of the Class A Noteholders) to reduce the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes by the relevant Class A1 Target Amortisation Amount and/or the Class A2 Notes by the Class A2 Target Amortisation Amount and/or the Class A3 Notes by the Class A3 Target Amortisation Amount, as applicable, on the Interest Payment Date to be paid together with such amounts paid pursuant to the Pre-Acceleration Principal Priority of Payments. The Class Z VFN Holder may (at its sole discretion) elect to make an advance under the Class Z VFN to fund a Class A3 Target Amortisation Amount Shortfall solely to the extent that on the relevant Interest Payment Date: (a) prior to the Class A1 Sterling Equivalent Redemption Date, there is no Class A1 Target Amortisation Amount Shortfall or Class A2 Target Amortisation Amount Shortfall; and (b) following the Class A1 Sterling Equivalent Redemption Date, there is no Class A2 Target Amortisation Amount Shortfall and the Class A1 Principal Amount Outstanding is zero. Following the Class A1 Sterling Equivalent Redemption Date, the Class Z VFN holder may not elect to make an advance under the Class Z VFN to fund any Class A1 Principal Amount Outstanding unless there is no Class A2 Target Amortisation Amount Shortfall on the relevant Interest Payment Date; and
  - (iii) (at the sole discretion of the Class Z VFN Holder) to fund any Covid-19 Revenue Shortfall Amount;
- (i) make any determinations required to be made by the Issuer under the Interest Rate Swap Agreement or the Currency Swap Agreement;
- (j) establish one or more Collateral Accounts with the Collateral Account Bank under the Collateral Account Bank Agreement or with any additional Collateral Account Bank that may be appointed, and credit all Collateral to the relevant Collateral Account;

- (k) as soon as reasonably practicable following the termination of the original Currency Swap Agreement, establish the Swap Excess Reserve Account in the name of the Issuer with the Account Bank;
- (l) make any determinations and calculations in respect of any Reconciliation Amount, if necessary;
- (m) where applicable, invest amounts standing to the credit of a Bank Account (other than any Collateral unless with the consent of the Interest Rate Swap Provider and the Currency Swap Provider) in Authorised Investments;
- (n) reallocate any Contractual Difference Amounts from Available Principal Receipts to Available Revenue Receipts;
- (o) if, in relation to any proposed action, it is required to certify to the Note Trustee and the Security Trustee that such action would not have an adverse effect on the rating of the Class A Notes, it will promptly notify the Rating Agencies of such action and put itself in a position to provide the necessary certification;
- (p) on behalf of the Issuer, perform any portfolio reconciliation and dispute resolution risk mitigation techniques and carry out the reporting requirements required by UK EMIR and/or EU EMIR;
- (q) on behalf of the Issuer, carry out the information disclosure requirements set out in Article 15 of the SFTR in relation to any relevant collateral arrangement (as defined in the SFTR) entered into by the Issuer, and any ancillary activities to such information disclosure requirements;
- (r) in the event of the termination of the original Currency Swap Agreement, calculate on each Interest Payment Date the Deemed Principal Amount Outstanding;
- (s) in the event of the termination of the original Currency Swap Agreement, pay any Principal Excess Amounts to the Swap Excess Reserve Account;
- (t) in the event of the termination of the original Currency Swap Agreement, pay any Principal Shortfall Amounts from amounts credited to the Swap Excess Reserve Account and, following the redemption of the Class A1 Notes, apply any Swap Excess Reserve Release Amounts as Available Principal Receipts;
- (u) in the event of the termination of the Interest Rate Swap Transaction or the Currency Swap Transaction, on or prior to the date when the Notes (or in respect of the Currency Swap Transaction, the Class A1 Notes) have been repaid in full, the Cash Manager shall use reasonable endeavours to purchase a replacement interest rate swap or currency swap, as applicable (taking into account any early termination payment received from or payable to the Interest Rate Swap Provider or Currency Swap Provider, as applicable), on terms acceptable to the Issuer, and which are acceptable to the relevant Rating Agencies, with a swap provider, whom the Issuer shall have notified to the relevant Rating Agencies; and
- (v) on behalf of the Issuer, if there is no Currency Swap Agreement in place, convert an amount equal to the applicable share of the Available Principal Receipts into dollars at the applicable Spot Rate (booked for conversion for value on that Interest Payment Date) and transfer the amounts received following such conversion to the relevant Paying Agent for the account of the holders of the Class A1 Notes.

In addition, the Cash Manager will or, in respect of paragraph (c) below, may:

- (a) maintain the following ledgers on behalf of the Issuer:

- (i) the **Principal Ledger** which will record all Principal Receipts received by the Issuer and the distribution of the Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments or the Post-Acceleration Priority of Payments (as applicable);
  - (ii) the **Revenue Ledger** which will record all Revenue Receipts received by the Issuer and distribution of the same in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Acceleration Priority of Payments (as applicable);
  - (iii) the **General Reserve Ledger** which will record (A) all amounts credited to the general reserve fund (the **General Reserve Fund**) from the proceeds of the Class Z VFN Holder's funding of the Class Z VFN and thereafter from Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments and (B) as a debit, withdrawals from the General Reserve Fund on each Interest Payment Date (see "Credit Structure – General Reserve Fund and General Reserve Ledger");
  - (iv) the **Principal Deficiency Ledger** (comprising two sub-ledgers) which shall record on the Class A Principal Deficiency Ledger and the Class Z VFN Principal Deficiency Ledger (as the case may be) (A) as a debit deficiencies arising from Losses on the Portfolio, amounts drawn from the Liquidity Reserve Fund (if established) and Principal Receipts used to pay a Revenue Deficiency and (B) as a credit Available Revenue Receipts applied pursuant to items (g) and (i) of the Pre-Acceleration Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon be applied as Available Principal Receipts) (see "Credit Structure – Principal Deficiency Ledgers");
  - (v) the **Retained Principal Ledger** which shall record any credits made in accordance with the Pre-Acceleration Principal Priority of Payments and record as a debit withdrawals made on each Interest Payment Date to be applied as Available Principal Receipts (with the effect that during the Further Sale Period such amounts shall firstly fund any Class A Target Amortisation Amount Shortfall and secondly to the payment of the purchase of any Additional Loans sold to the Issuer by the Seller on the Further Sale Date falling in the same calendar month as such Interest Payment Date) (see "Credit Structure – Applying amounts standing to the credit of the Retained Principal Ledger");
  - (vi) the **Liquidity Reserve Ledger** which will record (A) amounts credited to and debited from the Liquidity Reserve Fund (if established) from Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments and (B) as debits, amounts drawn from the Liquidity Reserve Fund (if established) to fund senior expenses and interest payments on the Class A Notes in accordance with the applicable Priority of Payments (see "Credit Structure – Liquidity Reserve Fund and Liquidity Reserve Ledger");
  - (vii) the **Swap Excess Reserve Ledger**, which shall, if the Swap Excess Reserve Account is open, record (i) as credits, amounts credited to the Swap Excess Reserve Account in accordance with the Pre-Acceleration Principal Priority of Payments and (ii) as debits, amounts withdrawn from the Swap Excess Reserve Account to fund payments in accordance with the Pre-Acceleration Principal Priority of Payments Payments (see "Credit Structure – Swap Excess Reserve Account and Swap Excess Reserve Ledger"); and
  - (viii) the **Issuer Profit Ledger** which shall record as a credit the Issuer Profit Amount retained by the Issuer as profit in accordance with the relevant Priority of Payments;
- (b) calculate on each Calculation Date the amount of Available Revenue Receipts and Available Principal Receipts to be applied on the relevant Interest Payment Date;

- (c) at its option, invest monies standing to the credit of a Bank Account in seven-day time deposits (or such longer time periods as may be agreed by the Security Trustee and the Secured Creditors) provided that such seven-day period does not include an Interest Payment Date on which such amounts will be required to be applied in accordance with the relevant Priority of Payments; and
- (d) invest monies standing from time to time to the credit of a Bank Account (other than any Collateral (unless with the consent of the Interest Rate Swap Provider and the Currency Swap Provider) in Authorised Investments as determined by the Issuer or by the Cash Manager subject to the following provisions:
  - (i) any such Authorised Investment shall be made in the name of the Issuer;
  - (ii) any costs properly and reasonably incurred in making and changing Authorised Investments will be reimbursed to the Cash Manager by the Issuer; and
  - (iii) all income and other distributions arising on, or proceeds following the disposal or maturity of, Authorised Investments shall be credited to the relevant Bank Account.

**Issuer Profit Amount** means an amount equal to £1,125 as at each Interest Payment Date (£4,500 per annum).

**Account Bank Rating** means a short-term issuer default rating of at least F1 or a deposit rating (or if a deposit rating is not available, a long-term issuer default rating) of at least A by Fitch and a long-term bank deposit rating of at least A3 by Moody's (or (i) such other rating which is consistent with the then current rating methodology of the relevant Rating Agency or (ii) such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes or (iii) such other lower rating as the Note Trustee may (but shall not be obliged to) agree).

### ***Investor Reports and Information***

#### ***Bank of England Reporting***

YBS and the Issuer will procure that the Cash Manager will publish a monthly investor report detailing, *inter alia*, certain aggregated loan data in relation to the Portfolio in the form required by the Bank of England for the purpose of the Bank of England's sterling monetary framework. In addition, the Cash Manager will produce loan-by-loan information on a monthly basis in a format required by the Bank of England.

Such reports will be published on YBS' website and by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the UK Securitisation Regulation and Article 10 of the EU Securitisation Regulation (solely as it applies on the Closing Date, as applicable) by means of the Reporting Websites. For the avoidance of doubt, these websites and their contents thereof do not form part of this Prospectus. Any documents provided in draft form are subject to amendment and completion without notice.

#### ***Reporting under the UK Securitisation Regulation and the EU Securitisation Regulation***

YBS will procure that the Cash Manager will:

- (a) publish a quarterly investor report in respect of the relevant Collection Period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and Article 7(1)(e) of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date);

- (b) publish on a quarterly basis certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation and Article 7(1)(a) of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date);
- (c) publish any information required to be reported pursuant to Article 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation and Article 7(1)(f) or 7(1)(g) (as applicable) of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date) without delay. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. Such information will also be made available, on request, to potential holders of the Notes; and
- (d) within 15 days of the issuance of the Notes, make available via the Reporting Websites, copies of the Transaction Documents, the UK STS Notification and this Prospectus.

Such reports and information shall be published by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the UK Securitisation Regulation and Article 10 of the EU Securitisation Regulation (solely as it applies on the Closing Date, as applicable) by means of the Reporting Websites.

The Cash Manager will make the information referred to in this section available to the holders of any of the Notes, relevant competent authorities and to potential investors in the Notes.

#### *Cash flow model*

YBS will procure that the Cash Manager will make available to the holders of the Notes a cash flow model, either directly or indirectly through one or more entities which provide such cash flow models to investors generally. YBS shall procure that such cash flow model precisely represents the contractual relationship between the Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer. The Cash Flow Model shall be made available (via the website of EuroABS (<https://www.euroabs.com/IH.aspx?s=94>)) (i) prior to pricing of the Notes to potential investors and (ii) on an ongoing basis to investors in the Notes and potential investors on request.

#### **Remuneration of Cash Manager**

The Cash Manager will be paid a fee (inclusive of VAT, if any) for its cash management services under the Cash Management Agreement quarterly in arrears on each Interest Payment Date. So long as YBS (or any member of the YBS Group) is the Cash Manager, the Issuer will pay to the Cash Manager a cash management fee (inclusive of VAT, if any) of 0.01% per annum on the aggregate Current Balance of the Loans in the Portfolio as determined on the last day of the calendar month before the preceding Calculation Date. The fee is payable quarterly in arrears on each Interest Payment Date in the manner contemplated by and in accordance with the Pre-Acceleration Revenue Priority of Payments or, as the case may be, the Post-Acceleration Priority of Payments. If a replacement cash manager from outside the YBS Group is appointed, the Issuer shall pay the replacement cash manager for its services a fee to be determined at the time of such appointment.

#### **Termination of Appointment and Replacement of Cash Manager**

In certain circumstances the Issuer and the Security Trustee will each have the right to terminate the appointment of the Cash Manager and to appoint a substitute (the identity of which will be subject to the Security Trustee's written approval). Any substitute cash manager will have substantially the same rights and obligations as the Cash Manager (although the fee payable to the substitute cash manager may be higher).



The Cash Management Agreement provides that on the Cash Manager ceasing to be assigned a counterparty risk assessment by Moody's of at least Baa3(cr) (or (i) such other lower risk assessment which is consistent with the then current methodology of Moody's or (ii) such other lower risk assessment that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes or (iii) such other lower risk assessment as the Note Trustee may (but shall not be obliged to) agree) the Issuer shall require the Cash Manager, within 60 days, to use best efforts to appoint a back-up cash manager which meets the requirements for a substitute cash manager provided for by the Cash Management Agreement.

### ***Liability of the Cash Manager***

The Cash Manager will indemnify each of the Issuer and the Security Trustee on an after-tax basis for any loss, liability, claim, expense or damage suffered or incurred by it in respect of the negligence, fraud or wilful default of the Cash Manager in carrying out its functions as Cash Manager under, or as a result of a breach by the Cash Manager of, the terms and provisions of the Cash Management Agreement or such other Transaction Documents to which the Cash Manager is a party (in its capacity as such) in relation to such functions.

### ***Governing Law***

The Cash Management Agreement will be governed by English law.

### ***Bank Account Agreement***

Pursuant to the terms of the Bank Account Agreement entered into on the Closing Date between the Issuer, the Account Bank, the Cash Manager, the GIC Provider and the Security Trustee (the **Bank Account Agreement**), the Issuer will maintain with the GIC Provider a GIC Account (the **GIC Account**) and with the Account Bank a Transaction Account (the **Transaction Account**) which will be operated in accordance with the Cash Management Agreement, the Deed of Charge, the Interest Rate Swap Agreement and the Currency Swap Agreement. In the event of a termination of the original Currency Swap Agreement, the Cash Manager shall, in the name of the Issuer, open the Swap Excess Reserve Account as soon as reasonably practicable following such termination.

All amounts received from Borrowers in respect of Loans in the Portfolio will be paid into the GIC Account from the Seller's collection account on or prior to the Business Day following receipt of such amounts and credited to the Revenue Ledger or the Principal Ledger, as the case may be, and as set out in the Cash Management Agreement. On each Interest Payment Date, amounts will be transferred from the GIC Account to the Transaction Account and applied by the Cash Manager pursuant to the Cash Management Agreement and in accordance with the Priority of Payments described in the section entitled "Cashflows".

The Note Trustee and/or the Security Trustee may from time to time agree with the Issuer and any other person (without the consent or sanction of the other Secured Creditors or the Noteholders (but in the case of the Security Trustee only with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents)) in making or sanctioning any modification to the Bank Account Agreement and/or the Guaranteed Investment Contract which in its opinion is (i) not materially prejudicial to the interests of the Noteholders of any Class or (ii) of a formal, minor or technical nature or to correct a manifest error.

If at any time the unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank are downgraded below the Account Bank Rating, the Issuer will be required (within 60 calendar days) to arrange for the transfer (at its own cost) of the Transaction Account and any other account held with the Account Bank under the Bank Account Agreement to an appropriately rated bank or financial institution on substantially similar terms to those set out in the Bank Account Agreement in order to maintain the ratings of

the Notes at their then current ratings unless the Account Bank has arranged a guarantee of its obligations by a suitably rated third party.

The Bank Account Agreement may be terminated in other circumstances by the Cash Manager or the Issuer (in each case with the consent of the Security Trustee) including the occurrence of an insolvency event in respect of the Account Bank or default by the Account Bank in the performance of its obligations under the Bank Account Agreement which continues unremedied for a period of 20 Business Days after receiving notice or becoming aware of such default.

The Bank Account Agreement is governed by English law.

### **Guaranteed Investment Contract**

Pursuant to the terms of the Guaranteed Investment Contract entered into on the Closing Date between the Issuer, the Account Bank, the Cash Manager, the GIC Provider and the Security Trustee (the **Guaranteed Investment Contract**), the GIC Provider has agreed to pay interest on the monies standing to the credit of the GIC Account at specified rates determined in accordance with the Bank Account Agreement and the Guaranteed Investment Contract.

If at any time the unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank are downgraded below the Account Bank Rating, the Issuer will be required (within 60 calendar days) to arrange for the transfer (at its own cost) of the GIC Account to an appropriately rated bank or financial institution on substantially similar terms to those set out in the Bank Account Agreement in order to maintain the ratings of the Notes at their then current ratings unless the GIC Provider has arranged a guarantee of its obligations by a suitably rated third party.

Upon termination of the Bank Account Agreement or when the GIC Account is closed pursuant to the Bank Account Agreement, the Guaranteed Investment Contract will terminate and the Issuer will give written notice of termination to the GIC Provider. The Guaranteed Investment Contract is governed by English law.

### **Collateral Account Bank Agreement**

Pursuant to the terms of the Collateral Account Bank Agreement entered into on the Closing Date between the Issuer, the Collateral Account Bank, the Security Trustee and the Cash Manager, the Issuer will maintain with the Collateral Account Bank one or more accounts, which may include a dollar account in connection with the Currency Swap Transaction, for the purposes of depositing any Collateral posted by the Interest Rate Swap Provider and the Currency Swap Provider, as applicable, pursuant to the terms of the Interest Rate Swap Agreement and the Currency Swap Agreement (the **Collateral Account**).

The Issuer will deposit any Collateral which is required to be paid to the Issuer by the Interest Rate Swap Provider or the Currency Swap Provider, as applicable, in accordance with the terms of the Interest Rate Swap Agreement or Currency Swap Agreement in the relevant Collateral Account. To the extent that any cash is held in a Collateral Account, any amount standing to the credit of the Collateral Account will bear interest at a rate and as agreed from time to time between the Issuer and the Collateral Account Bank.

The Note Trustee and/or the Security Trustee may from time to time agree with the Issuer and any other person (without the consent or sanction of the other Secured Creditors or the Noteholders (but in the case of the Security Trustee only with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents)) in making or sanctioning any modification to the Collateral Account Bank Agreement which in its opinion is (i) not materially prejudicial to the interests of the Noteholders of any Class or (ii) of a formal, minor or technical nature or to correct a manifest error.

The Collateral Account Bank Agreement may be terminated in other circumstances by the Cash Manager or the Issuer (in each case with the consent of the Security Trustee) including the occurrence of an insolvency event in respect of the Collateral Account Bank or default by the Collateral Account Bank in the performance of its obligations under the Collateral Account Bank Agreement which continues unremedied for a period of 20 Business Days after receiving notice or becoming aware of such default.

If, at any time, the unsecured, unsubordinated and unguaranteed debt obligations of the Collateral Account Bank are downgraded below the Collateral Account Bank Rating, the Issuer will be required (within 60 calendar days) to transfer (at its own cost) the Collateral Accounts to an appropriately rated bank or financial institution on substantially similar terms to those set out in the Collateral Account Bank Agreement, in order to maintain the ratings of the Class A Notes at their then current ratings, unless the Collateral Account Bank has arranged a guarantee of its obligations by a suitable rated third party.

The Collateral Account Bank Agreement is governed by English law.

**Collateral Account Bank Rating** means a short-term issuer default rating of at least F1 or a deposit rating (if a deposit rating is not available, a long-term issuer default rating) of at least A by Fitch and a long-term bank deposit rating of at least A3 by Moody's (or (i) such other rating which is consistent with the then current rating methodology of the relevant Rating Agency or (ii) such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes or (iii) such other lower rating as the Note Trustee may (but shall not be obliged to) agree).

### **The Corporate Services Agreement**

On or prior to the Closing Date, *inter alios*, the Issuer and the Corporate Services Provider will enter into the 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), the providing of 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 will be governed by English law.

### **Other Agreements**

For a description of the Interest Rate Swap Transaction and the Currency Swap Transaction, see the section entitled "Credit Structure".

## 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 Seller, the Interest Rate Swap Provider, the Currency Swap Provider, the Arranger, the Joint Lead Managers, the Servicer, the Cash Manager, the Account Bank, the GIC Provider, the Collateral Account Bank, the Principal Paying Agent, the U.S. Paying Agent any other Paying Agents, the Agent Bank, the Registrar, the DTC Custodian, the Class Z VFN Registrar, the Note Trustee, the Security Trustee or any company in the same group of companies as any such entities or any other party to the Transaction Documents. 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 Seller, the Interest Rate Swap Provider, the Currency Swap Provider, the Arranger, the Joint Lead Managers, the Servicer, the Cash Manager, the Account Bank, the GIC Provider, the Collateral Account Bank, the Principal Paying Agent, the U.S. Paying Agent, any other Paying Agents, the Agent Bank, the Registrar, the DTC Custodian, the Class Z VFN Registrar, the Note Trustee, the Security Trustee or any other person other than the Issuer.

The structure of the credit support arrangements may be summarised as follows:

### 1. 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 (p) (inclusive) of the Pre-Acceleration Revenue Priority of Payments. The actual amount of any Deferred Consideration payable under item (p) of the Pre-Acceleration 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 (as to which, see "Interest Rate Risk for the Notes") and the performance of the Portfolio.

Available Revenue Receipts may be applied (after making payments or provisions ranking higher in the Pre-Acceleration Revenue Priority of Payments) on each Interest Payment Date in accordance with the Pre-Acceleration Revenue Priority of Payments, towards reducing any Principal Deficiency Ledger entries which may arise from Losses on the Portfolio.

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date exceeds the aggregate of the payments and provisions required to be met under items (a) to (g) (inclusive) of the Pre-Acceleration Revenue Priority of Payments, such excess is available to replenish and increase the General Reserve Fund up to and including an amount equal to the General Reserve Required Amount.

### 2. General Reserve Fund and General Reserve Ledger

On the Closing Date, the Issuer will establish a fund called the **General Reserve Fund** to provide credit enhancement for the Class A Notes which will be credited with the General Reserve Required Amount on the Closing Date. The General Reserve Fund will be funded from the proceeds of the Class Z VFN on the Closing Date and following the Closing Date, to the extent required in connection with Further Advances, Product Switches or Underpayment Options from time to time. To the extent required, the General Reserve Fund may also be funded from the proceeds of additional funding under the Class Z VFN from time to time following the Closing Date. The General Reserve Fund will be deposited in the GIC Account (with a corresponding credit being made to the General Reserve Ledger). The Issuer may invest the amounts standing to the credit of the GIC Account in Authorised Investments. For more information about the application of the amounts

standing to the credit of the General Reserve Fund, see the section "Cashflows – Application of Monies Released from the General Reserve Fund".

The Cash Manager will maintain the General Reserve Ledger pursuant to the Cash Management Agreement to record the balance from time to time of the General Reserve Fund.

After the Closing Date, the General Reserve Fund will be funded up to the General Reserve Required Amount from Available Revenue Receipts and will be replenished from Available Revenue Receipts in accordance with the provisions of the Pre-Acceleration Revenue Priority of Payments on every Interest Payment Date. To the extent required, the General Reserve Fund may also be funded from the proceeds of additional funding under the Class Z VFN from time to time following the Closing Date.

The **General Reserve Required Amount** will be an amount equal to £42,034,000.00 on the Closing Date (being an amount at least equal to 2.50% of the Current Balance of the Portfolio as at the Initial Portfolio Creation Date (the **Initial General Reserve Required Amount**)), provided that if on any Calculation Date the General Reserve Amortisation Conditions (as defined below) are met, the General Reserve Required Amount shall be an amount equal to 3.00% of the aggregate Sterling Equivalent Principal Amount Outstanding of the Class A Notes on the preceding Interest Payment Date (taking into account any redemptions of the Class A Notes on such Interest Payment Date), subject to a maximum of the Initial General Reserve Required Amount and a minimum of 1.25% of the Current Balance of the Portfolio as at the Initial Portfolio Creation Date. If on any Calculation Date, any of the General Reserve Amortisation Conditions are not met, the General Reserve Required Amount shall be equal to the General Reserve Required Amount for the preceding Interest Payment Date. In each case the General Reserve Required Amount and the Initial General Reserve Required Amount will be rounded up to the nearest £1,000.

On any Interest Payment Date on which the Class A Notes are fully repaid or otherwise redeemed in full, the Issuer shall not be required to maintain the General Reserve Fund, the General Reserve Required Amount will be reduced to zero and any amounts held in the General Reserve Fund will form part of Available Revenue Receipts and will be applied in accordance with the relevant Priority of Payments.

The **General Reserve Amortisation Conditions** means each of the following conditions:

- (a) no Event of Default has occurred and is continuing;
- (b) the Class A Principal Deficiency Ledger will not have a debit balance on that Interest Payment Date after applying all Available Revenue Receipts on that Interest Payment Date;
- (c) the Current Balance of the Loans comprising part of the Portfolio, in respect of which the aggregate amount in arrears is more than three times the Monthly Payment then due, is less than 2% of the aggregate Current Balance of the Loans comprising the Portfolio as at such relevant date; and
- (d) cumulative Losses on the Portfolio as at such relevant date represent less than 1% of the aggregate Current Balance of the Loans comprising the Portfolio as at the Initial Portfolio Creation Date.

### 3. Use of Principal Receipts in the event of any Contractual Difference Amounts

Certain Principal Receipts may be applied as Available Revenue Receipts in the event that the relevant Monthly Accrual Amount in relation to an SVR Loan in the Portfolio is greater than the

relevant Fixed Monthly Amount payable by the Borrower in relation to such Loan. In such event, amounts equal to the aggregate of any Contractual Difference Amounts will be reallocated from Available Principal Receipts and applied as Available Revenue Receipts. Contractual Difference Amounts shall not incur entries in the Principal Deficiency Ledger.

**4. Use of proceeds of the Class Z VFN to pay revenue shortfalls arising as a result of Covid-19 Payment Deferral Loans**

On each Calculation Date, the Cash Manager shall determine the amount of interest payments that would have been expected to be made during the immediately preceding Calculation Period by Borrowers whose Loans are Covid-19 Payment Deferral Loans (assuming for the purposes of such calculation that all payments of principal that would have been due from such Borrower had been made by Borrowers and that no overpayments were made by such Borrowers), provided that such amounts shall only form part of such determination for so long as a Loan is a Covid-19 Payment Deferral Loan (such amount, the **Covid-19 Payment Deferral Amount**).

On each Calculation Date, the Cash Manager shall also calculate whether the aggregate of paragraphs (a) to (h) less (i) plus (j) of the definition of Available Revenue Receipts is insufficient to pay items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments. If there is a shortfall (the **Initial Revenue Shortfall**), the Issuer shall request a drawing on the Class Z VFN in an amount equal to the lesser of the Initial Revenue Shortfall and the Covid-19 Payment Deferral Amount (such amount, the **Covid-19 Revenue Shortfall Amount**). The Class Z VFN Holder may (at its sole discretion) make available such drawings under the Class Z VFN for the purpose of funding any such Covid-19 Revenue Shortfall Amount. Any Covid-19 Revenue Shortfall Amount received by the Issuer shall be applied on the relevant Interest Payment Date as Available Revenue Receipts and applied in accordance with the Pre-Acceleration Revenue Priority of Payments.

**5. Use of Principal Receipts to pay Revenue Deficiency**

On each Calculation Date, the Cash Manager will calculate whether the aggregate of paragraphs (a) to (h) less (i) plus (j) plus (k) of the definition of Available Revenue Receipts is insufficient to pay items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments. If there is a deficit (the **Revenue Deficiency**), and to the extent that there are insufficient monies standing to the credit of the Liquidity Reserve Fund (if established), then the Issuer (or the Cash Manager on its behalf) shall pay or provide for that Revenue Deficiency by the application of amounts standing to the credit of the Principal Ledger, if any, and the Cash Manager shall make a corresponding entry in the relevant Principal Deficiency Ledger, as described in "Principal Deficiency Ledgers" below as well as making a debit in the Principal Ledger. Any such entry and debit shall be made and taken into account prior to the application of Available Principal Receipts on the relevant Interest Payment Date. For more information about the application of Principal Receipts to pay a Revenue Deficiency, see the section "Cashflows".

**6. Use of proceeds of the Class Z VFN for scheduled amortisation**

Prior to the service of a Note Acceleration Notice on the Issuer on each Interest Payment Date, the Issuer (or the Cash Manager on its behalf) shall request a drawing under the Class Z VFN to fund (in whole or in part) any Class A1 Target Amortisation Amount Shortfall, any Class A2 Target Amortisation Amount Shortfall or any Class A3 Target Amortisation Amount Shortfall and to reduce the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes by the Class A1 Target Amortisation Amount and/or the Class A2 Notes by the Class A2 Target Amortisation Amount and/or the Class A3 Notes by the Class A3 Target Amortisation Amount, as applicable, pursuant to Condition 7.2(a) on that Interest Payment Date.

The Class Z VFN Holder may (at its sole discretion) elect to make an advance under the Class Z VFN to fund a Class A3 Target Amortisation Amount Shortfall solely to the extent that on the relevant Interest Payment Date: (a) prior to the Class A1 Sterling Equivalent Redemption Date, there is no Class A1 Target Amortisation Amount Shortfall or Class A2 Target Amortisation Amount Shortfall; and (b) following the Class A1 Sterling Equivalent Redemption Date, there is no Class A2 Target Amortisation Amount Shortfall and the Class A1 Principal Amount Outstanding is zero. Following the Class A1 Sterling Equivalent Redemption Date, the Class Z VFN holder may not elect to make an advance under the Class Z VFN to fund any Class A1 Principal Amount Outstanding unless there is no Class A2 Target Amortisation Amount Shortfall on the relevant Interest Payment Date.

In relation to any Class A1 Target Amortisation Amount Shortfall, any Class A2 Target Amortisation Amount Shortfall or any Class A3 Target Amortisation Amount Shortfall, if a Class A1 Target Amortisation Amount Shortfall, a Class A2 Target Amortisation Amount Shortfall or a Class A3 Target Amortisation Amount Shortfall are subsisting on an Interest Payment Date, the Issuer (or the Cash Manager on its behalf) shall notify the Class Z VFN Holder of any Class A1 Target Amortisation Amount Shortfall, Class A2 Target Amortisation Amount Shortfall or Class A3 Target Amortisation Amount Shortfall and request that the Class Z VFN Holder funds any of such shortfalls as the Class Z VFN Holder so elects in its sole discretion).

Any such drawings shall be paid directly to the Principal Paying Agent, U.S. Paying Agent or Currency Swap Provider (as applicable) for the account of the Class A1 Noteholders and/or the Class A2 Noteholders and/or the Class A3 Noteholders (as applicable) to be paid together with such payments made pursuant to the Pre-Acceleration Principal Priority of Payments, and will not be applied to Available Principal Receipts.

#### **7. Applying amounts standing to the credit of the Retained Principal Ledger**

Prior to the service of a Note Acceleration Notice on the Issuer on each Interest Payment Date falling in the Further Sale Period, the Issuer (or the Cash Manager on its behalf) shall apply all amounts standing to the credit of the Retained Principal Ledger as Available Principal Receipts. Such amounts standing to the credit of the Retained Principal Ledger as Available Principal Receipts may therefore be applied firstly towards funding of any Class A Target Amortisation Amount Shortfall prior to being applied towards the payment of the purchase price for any Additional Loans sold to the Issuer on the Further Sale Date falling in the same calendar month as such Interest Payment Date.

#### **8. Liquidity Reserve Fund and Liquidity Reserve Ledger**

On the date on which YBS ceases to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 or a long-term issuer default rating by Fitch of at least BBB or a short-term issuer default rating by Fitch of at least F2, the Issuer will establish a fund to fund senior expenses and interest payments on the Class A Notes, if necessary (the **Liquidity Reserve Fund**). The Issuer will be required to fund the Liquidity Reserve Fund to the Liquidity Reserve Fund Required Amount from Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments. Such amounts, held in the GIC Account, will be credited to the Liquidity Reserve Ledger. The Issuer will be required to top up the Liquidity Reserve Fund to the Liquidity Reserve Fund Required Amount on each Interest Payment Date. For more information about the application of the amounts standing to the credit of the Liquidity Reserve Fund in connection with a Revenue Deficiency, see the section "Cashflows".

**Liquidity Reserve Fund Required Amount** means an amount equal to the greater of (a) 4% of the aggregate Sterling Equivalent Principal Amount Outstanding of the Class A Notes at the beginning of the relevant Interest Period less the amount standing to the credit of the General Reserve Fund as

determined by the Cash Manager on the relevant Calculation Date after taking into account the amount of Available Revenue Receipts to be credited to the General Reserve Fund on the Interest Payment Date immediately following such Calculation Date in accordance with the Pre-Acceleration Revenue Priority of Payments and (b) zero.

The Principal Deficiency Ledger will be debited on each Interest Payment Date by an amount equal to the amount drawn from the Liquidity Reserve Fund (if established) to fund senior expenses and interest payments on the Class A Notes on that date (if any).

#### **9. Swap Excess Reserve Account and Swap Excess Reserve Ledger**

In the event of an early termination of the original Currency Swap Agreement, the Cash Manager shall open the Swap Excess Reserve Account with the Account Bank and establish the Swap Excess Reserve Ledger. On each Interest Payment Date thereafter, the Cash Manager shall credit amounts to the Swap Excess Reserve Account in accordance with the Pre-Acceleration Principal Priority of Payments (and record such amounts as a credit) and withdraw amounts from the Swap Excess Reserve Account to fund payments as required in accordance with the Pre-Acceleration Principal Priority of Payments (and record such amounts as a debit). On the Interest Payment Date on which the Class A1 Notes are redeemed in full, the Cash Manager will withdraw any amounts standing to the credit of the Swap Excess Reserve Account (if established) to be applied as Available Principal Receipts and make a corresponding debit to the Swap Excess Reserve Ledger.

#### **10. Principal Deficiency Ledgers**

A Principal Deficiency Ledger, comprising two sub-ledgers, known as the Class A Principal Deficiency Ledger (the **Class A Principal Deficiency Ledger**) and the Class Z VFN Principal Deficiency Ledger (the **Class Z VFN Principal Deficiency Ledger**) and, together with the Class A Principal Deficiency Ledger, each a **Principal Deficiency Ledger** and, together, the **Principal Deficiency Ledgers**) will be established on the Closing Date in order to record any Losses on the Portfolio as allocated against each of the Classes of Notes referenced above and/or the application of Principal Receipts to pay any Revenue Deficiency and/or any debiting of the Liquidity Reserve Fund (if established) on an Interest Payment Date to fund senior expenses and interest payments on the Class A Notes. Losses or debits recorded on the Class A Principal Deficiency Ledger shall be recorded in respect of the Class A Notes. Losses or debits recorded on the Class Z VFN Principal Deficiency Ledger shall be recorded in respect of the Class Z VFN. Losses of principal to be credited to the Principal Deficiency Ledger will be calculated after applying any recoveries to outstanding interest amounts due and payable on the relevant Loan.

The application of any Principal Receipts to meet any Losses on the Portfolio will be recorded as a debit:

- (a) *first, pro rata and pari passu* to the Principal Amount Outstanding of the Class Z VFN and to the Class Z VFN Principal Deficiency Ledger up to a maximum of the Class Z VFN, Principal Deficiency Limit; and
- (b) *second, pro rata and pari passu* to the aggregate of the Principal Amount Outstanding of the Class A2 Notes and Class A3 Notes and the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes and to the Class A Principal Deficiency Ledger, so long as the debit balance, in the case of the Class A Principal Deficiency Ledger, is less than the Sterling Equivalent Principal Amount Outstanding of the Class A Notes.

**Losses** means all realised losses in respect of a Loan.



Realised losses will be calculated after applying any recoveries following enforcement of a Loan (but on or prior to the completion of enforcement proceedings in respect of such Loan) to outstanding fees and interest amounts due and payable on the relevant Loan.

**Class Z VFN Principal Deficiency Limit** means the Principal Amount Outstanding of the subscription under the Class Z VFN used to fund the Current Balance (calculated as at such corresponding funding date) of the Loans.

Amounts allocated to each Principal Deficiency Ledger shall be reduced to the extent of Available Revenue Receipts available for such purpose on each Interest Payment Date in accordance with the Pre-Acceleration Revenue Priority of Payments. Such amounts will be applied in repayment of principal as Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments.

## **11. Available Receipts**

To the extent that the Available Revenue Receipts and Available Principal Receipts are sufficient on any Calculation Date, they shall be paid on the immediately following Interest Payment Date to the persons entitled thereto (or a relevant provision made) in accordance with the Pre-Acceleration Revenue Priority of Payments or the Pre-Acceleration Principal Priority of Payments, as applicable. It is not intended that any surplus will be accumulated in the Issuer (although this does not include the Issuer Profit Amount which the Issuer expects to generate each accounting period as its profit in respect of the business of the Issuer, amounts standing to the credit of the General Reserve Ledger or amounts standing to the credit of the Liquidity Reserve Fund (if established)).

If, on any Interest Payment Date while there are Class A Notes outstanding, the Issuer has insufficient Available Revenue Receipts to pay the interest otherwise due on the Class Z VFN then the Issuer will be entitled under Condition 16 (Subordination by Deferral) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. Such deferral will not constitute an Event of Default. If there are no Class A Notes then outstanding, the Issuer will not be entitled to defer payments of interest in respect of the Class Z VFN.

Failure to pay interest on the most senior Class of 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.

## **12. GIC Account**

Pursuant to the Bank Account Agreement and the Guaranteed Investment Contract, the GIC Provider will pay interest on funds in the GIC Account at a guaranteed rate per annum equal to the base rate (as calculated by the GIC Provider) less a margin. The Issuer may invest amounts standing to the credit of the GIC Account in Authorised Investments.

If, at any time, the unsecured, unsubordinated and unguaranteed debt obligations of the GIC Provider are downgraded below the Account Bank Rating, the Issuer will be required (within 60 calendar days) to transfer (at its own cost) the GIC Account to an appropriately rated bank or financial institution on substantially similar terms to those set out in the Bank Account Agreement, in order to maintain the ratings of the Class A Notes at their then current ratings unless the GIC Provider has arranged a guarantee of its obligations by a suitable rated third party.

The Issuer will maintain the GIC Account and the Transaction Account with the Account Bank. Please see further "Summary of the Key Transaction Documents – Guaranteed Investment Contract".

### 13. Interest Rate Risk for the Notes

Some of the Loans in the Portfolio pay a fixed rate of interest for a period of time. Other Loans in the Portfolio pay a variable rate of interest. However, the interest rate payable by the Issuer with respect to the Notes is an amount calculated by reference to Compounded Daily SONIA (or, with respect to the Class A1 Notes, a fixed rate prior to the Step-Up Date and calculated by reference to Compounded Daily SOFR thereafter).

To provide a hedge against the possible variance between:

- (a) the fixed rates of interest payable on the Fixed Rate Loans in the Portfolio; and
- (b) a rate of interest calculated by reference to (i) Compounded Daily SONIA payable on the Notes (other than the Class A1 Notes), and (ii) Compounded Daily SONIA payable (and determined) under the Currency Swap Transaction,

the Issuer will enter into the Interest Rate Swap Transaction with the Interest Rate Swap Provider on the Closing Date.

The Interest Rate Swap Transaction will be governed by the Interest Rate Swap Agreement.

The Issuer will not enter into a swap transaction to provide a hedge between the possible variance between the variable rates of interest payable on the SVR Loans in the Portfolio and a rate of interest calculated by reference to (i) Compounded Daily SONIA payable on the Notes (other than the Class A1 Notes, which have a fixed rate prior to the Step-Up Date and are calculated by reference to Compounded Daily SOFR thereafter) and (ii) Compounded Daily SONIA payable (and determined) under the Currency Swap Transaction.

#### Interest Rate Swap Transaction

Under the Interest Rate Swap Transaction, for each Interest Period falling prior to the termination date of the Interest Rate Swap Transaction, the following amounts will be calculated:

- (a) the sum, for each Swap Calculation Period ending in that Interest Period, of the amounts produced by applying a rate equal to Compounded Daily SONIA (as determined under the Interest Rate Swap Transaction) plus 1.90% for the relevant Interest Period to the Fixed Rate Notional Amount for each such Swap Calculation Period and multiplying the resulting amount by the applicable day count fraction specified in respect of the Interest Rate Swap Transaction (the **Fixed Interest Period Swap Provider Amount**); and
- (b) the sum, for each Swap Calculation Period ending in that Interest Period, of the amounts produced by applying the weighted average of the fixed rates of interest charged in respect of the Fixed Rate Loans as of the last calendar day of each calendar month in which each such Swap Calculation Period begins to the Fixed Rate Notional Amount for each such Swap Calculation Period and multiplying the resulting amount by the applicable day count fraction specified in respect of the Interest Rate Swap Transaction (the **Fixed Interest Period Issuer Amount**) provided that for the first calendar month, the Fixed Interest Period Issuer Amount shall be zero.

After these two amounts are calculated in relation to an Interest Period, the following payments will be made on the relevant Interest Payment Date:

- (a) if the Fixed Interest Period Swap Provider Amount for that Interest Payment Date is greater than the Fixed Interest Period Issuer Amount for that Interest Payment Date, then the Interest Rate Swap Provider will pay the difference to the Issuer;
- (b) if the Fixed Interest Period Issuer Amount is greater than the Fixed Interest Period Swap Provider Amount for that Interest Payment Date, then the Issuer will pay the difference to the Interest Rate Swap Provider; and
- (c) if the two amounts are equal, neither party will make a payment to the other.

If a payment is to be made by the Interest Rate Swap Provider, that payment will be included in the Available Revenue Receipts and will be applied on the relevant Interest Payment Date according to the relevant Priority of Payments. If a payment is to be made by the Issuer, it will be made according to the relevant Priority of Payments of the Issuer.

For the purposes of calculating both the Fixed Interest Period Issuer Amount and Fixed Interest Period Swap Provider Amount, the Fixed Rate Notional Amount in respect of a Swap Calculation Period will be an amount in sterling equal to the product of (i) the aggregate Current Balance of the Fixed Rate Loans in the Portfolio on the last calendar day of the calendar month in which such Swap Calculation Period begins and (ii) the applicable Performance Ratio on the last calendar day of the calendar month in which such Swap Calculation Period begins.

The Fixed Rate Notional Amount will reduce to zero when the Class A Notes are redeemed in full.

For the purposes of the Interest Rate Swap Transaction, **Performance Ratio** means, in respect of any Swap Calculation Period:

the lesser of (i)  $X / Y$  and (ii) 1

Where:

X = the greater of: (A) zero; and (B) the sum of all payments due in respect of the Fixed Rate Loans in the Portfolio during the month in which such Swap Calculation Period begins less the increase in arrears (being the amount by which a Fixed Rate Loan is in arrears for the current month less the amount by which it was in arrears during the previous month) for each Fixed Rate Loan in the Portfolio during that month; and

Y = the sum of all payments due in respect of each Fixed Rate Loan in the Portfolio during the month in which such Swap Calculation Period begins.

Subject to the circumstances described below, unless an Early Termination Event (as defined below) occurs, the Interest Rate Swap Transaction will terminate on 31 October 2031. In the event that the Interest Rate Swap Transaction is terminated prior to the service of a Note Acceleration Notice or the date on which the aggregate Principal Amount Outstanding of such Notes is reduced to zero, the Issuer shall enter into a replacement fixed interest rate swap subject to Security Trustee consent in accordance with the provisions set out in the Deed of Charge and outlined below.

### **Interest Rate Swap Agreement**

Under the terms of the Interest Rate Swap Agreement, in the event that the relevant counterparty risk assessment or rating(s), as the case may be, of the Interest Rate Swap Provider (or its guarantor or co-obligor, if applicable) assigned by a Rating Agency is or are below the counterparty risk assessment or rating specified in the Interest Rate Swap Agreement (the **Required Rating**), the Interest Rate Swap Provider will, in accordance with the terms of the Interest Rate Swap Agreement,

be required to take certain remedial measures within the timeframe stipulated in the Interest Rate Swap Agreement and at its own cost which may include providing Collateral for its obligations under the Interest Rate Swap Transaction, arranging for its obligations under the Interest Rate Swap Transaction to be transferred to an entity with the Required Ratings, procuring another entity with the Required Ratings to become co-obligor or guarantor, as applicable, in respect of its obligations under the Interest Rate Swap Transaction or taking such other action (or inaction) that would result in the rating of the Class A Notes being maintained at, or restored to, the level it would have been at prior to such lower rating being assigned by the relevant Rating Agency. The Interest Rate Swap Transaction is not designed to provide a perfect hedge for the Loans included in the Portfolio or eliminate all risks associated with the mismatch between rates payable in respect of such Loans and interest rates in respect of the Notes. However, the Interest Rate Swap Transaction covers a major share of the interest rate risk present in the context of the Notes.

To the extent required to be provided, Collateral will be provided under a credit support annex to the schedule to the Interest Rate Swap Agreement and may take the form of cash in various currencies or eligible securities. The Interest Rate Swap Provider will be responsible for determining (in accordance with stipulated parameters) the amount of Collateral which is required to be transferred. Any Collateral provided will be transferred by the Interest Rate Swap Provider to the Collateral Account Bank. The Interest Rate Swap Provider may from time to time be required to transfer additional Collateral, or may be entitled to require a transfer of equivalent Collateral to it (provided that the Issuer will not be a net transferor of Collateral). In certain circumstances of termination of the Interest Rate Swap Transaction, the value of Collateral then held by the Collateral Account Bank will be taken into account in determining the respective obligations of the parties to the Interest Rate Swap Transaction. Collateral will not form part of Available Revenue Receipts except in the limited circumstances described in the definition of Available Revenue Receipts.

The Interest Rate Swap Transaction may be terminated in certain circumstances, including, but not limited to, the following, each as more specifically defined in the Interest Rate Swap Agreement (an **Early Termination Event**):

- (a) if there is a failure by a party to pay amounts due under the Interest Rate Swap Transaction and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to a party;
- (c) if a breach of a provision of the Interest Rate Swap Agreement by the Interest Rate Swap Provider is not remedied within the applicable grace period;
- (d) if a change of law results in the obligations of one of the parties becoming illegal;
- (e) if the Interest Rate Swap Provider is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Interest Rate Swap Agreement (as described above);
- (f) service by the Note Trustee of a Note Acceleration Notice on the Issuer pursuant to Condition 10 (Events of Default) of the Notes;
- (g) if there is a redemption of the Class A Notes pursuant to Condition 7.4 (Optional Redemption of the Class A Notes in Full) or Condition 7.5 (Optional Redemption of the Class A Notes for Taxation or Other Reasons);
- (h) if any of the Transaction Documents are amended (other than with the prior written consent of the Interest Rate Swap Provider) in a manner which, in the opinion of the Interest Rate

Swap Provider: (i) would have the effect that, immediately after such modification, the Interest Rate Swap Provider would be reasonably required to pay more or receive less under the Interest Rate Swap Agreement if the Interest Rate Swap Provider were to replace itself as swap counterparty under the Interest Rate Swap Agreement than it would otherwise have been required to prior to such modification; (ii) would have the effect of altering the amount, timing or priority of any payment or deliveries due from the Issuer to the Interest Rate Swap Provider or from the Interest Rate Swap Provider to the Issuer; or (iii) has a material adverse effect on the rights of the Interest Rate Swap Provider under the Transaction Documents (including, for the avoidance of doubt and without limitation, its rights and obligations under the Interest Rate Swap Agreement and its regulatory treatment of the Interest Rate Swap Agreement and the transactions thereunder); and

- (i) if any of the Transaction Documents become void or unenforceable and, in the opinion of the Interest Rate Swap Provider, acting in good faith and a commercially reasonable manner, this results in a material adverse effect on the rights of the Interest Rate Swap Provider under the Interest Rate Swap Agreement or any other Transaction Document.

Upon an early termination of the Interest Rate Swap Transaction, depending on the type of Early Termination Event and circumstances prevailing at the time of termination, the Interest Rate Swap Provider may be liable to make a termination payment to the Issuer. This termination payment will be calculated and made in Sterling. The amount of any termination payment will be based on the market value of the terminated swap as determined on the basis of quotations sought from leading dealers as to the costs of entering into a transaction with the same terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties (or based upon a good faith determination of total losses and costs (or gains) if an insufficient number of quotations can be obtained or if basing the valuation on quotations would not produce a commercially reasonable result) and will include any unpaid amounts that became due and payable prior to the date of termination, taking account of any Collateral transferred by the Interest Rate Swap Provider to the Issuer.

Depending on the circumstances prevailing at the time of termination, any such termination payment could be substantial and may affect the funds available to pay amounts due to the Noteholders.

Any termination payment received by the Issuer on the termination of the Interest Rate Swap Agreement may be applied by the Issuer in purchasing a replacement Interest Rate Swap Transaction.

The Interest Rate Swap Provider may, subject to certain conditions specified in the Interest Rate Swap Agreement including (without limitation) the satisfaction of certain requirements of the Rating Agencies, transfer its obligations under the Interest Rate Swap Agreement to another entity with the Required Ratings.

The Interest Rate Swap Provider will generally be obliged to gross up payments made by it to the Issuer if a withholding or deduction for or on account of tax is imposed on payments made by it under the Interest Rate Swap Agreement (other than in respect of any FATCA withholdings). However, if the Interest Rate Swap Provider is required to gross up a payment under the Interest Rate Swap Transaction due to a change in the law, the Interest Rate Swap Provider may terminate the Interest Rate Swap Transaction.

The Interest Rate Swap Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## 11. **Currency and Interest Rate Risk for the Class A1 Notes**

The Class A1 Notes will be denominated in dollars and will accrue interest at a fixed rate prior to the Step-Up Date and calculated by reference to Compounded Daily SOFR thereafter. The Loans in the Portfolio are denominated in Sterling. Some of the Loans in the Portfolio pay a variable rate of interest. Other Loans in the Portfolio pay a fixed rate of interest for a period of time, and, pursuant to the Interest Rate Swap Transaction, the Issuer will swap these fixed rates of interest for amounts calculated by reference to Compounded Daily SONIA (as determined under the Interest Rate Swap Transaction). Amounts received by the Issuer in respect of the Principal Receipts, Revenue Receipts, amounts received pursuant to the Interest Rate Swap Transaction will be in Sterling.

To provide a hedge against:

- (a) the possible variance between:
  - (i) the various rates of interest received in respect of the Portfolio, and the amounts received under the Interest Rate Swap Transaction (the amounts under the Interest Rate Swap Transaction are calculated by reference to Compounded Daily SONIA (as determined under the Interest Rate Swap Transaction)); and
  - (ii) the interest amounts due in respect of the Class A1 Notes (which are calculated by reference to a fixed rate prior to the Step-Up Date and calculated by reference to Compounded Daily SOFR thereafter); and
- (b) the currency mismatch between:
  - (i) the Principal Receipts and Revenue Receipts received in respect of the Portfolio and the Sterling amounts received under the Interest Rate Swap Transaction; and
  - (ii) the dollar interest amounts and principal amounts due on the Class A1 Notes,

the Issuer will enter into the Currency Swap Transaction with the Currency Swap Provider on the Closing Date.

The Currency Swap Transaction will be governed by the Currency Swap Agreement.

### **Currency Swap Transaction**

Pursuant to the Interest Rate Swap Transaction, the Issuer will swap the fixed rates of interest received by the Issuer under the Fixed Rate Loans for Compounded Daily SONIA (as determined under the Interest Rate Swap Transaction). The interest amounts payable by the Issuer in respect of the Class A1 Notes will be calculated by reference to a fixed rate prior to the Step-Up Date and calculated by reference to Compounded Daily SOFR thereafter. Amounts received by the Issuer under the Loans (Principal Receipts and Revenue Receipts), the Interest Rate Swap Transaction are denominated in Sterling. The interest and principal amounts payable by the Issuer in respect of the Class A1 Notes are denominated in dollars.

Under the Currency Swap Agreement, on each Interest Payment Date, the Currency Swap Provider will pay to the relevant Paying Agent (acting on behalf of the Issuer) an amount denominated in dollars equivalent to the interest for the relevant Interest Period due and payable in dollars on the Principal Amount Outstanding of the Class A1 Notes. In return, the Issuer will pay to the Currency Swap Provider on each Interest Payment Date an amount in Sterling calculated by reference to Compounded Daily SONIA (as determined under the Currency Swap Transaction) plus a spread of, prior to the Step-Up Date, 0.50% per annum and, from the Step-Up Date, 1.218% per annum on

the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes on the first day of the relevant Interest Period (such dollar Principal Amount Outstanding to be converted into Sterling at the Original Exchange Rate specified in the Currency Swap Agreement).

In order to allow for the effective currency amount of the Currency Swap Transaction to amortise at the same rate as the Class A1 Notes, the Currency Swap Agreement will provide that, as and when the Class A1 Notes amortise, a corresponding portion of the currency amount of the Currency Swap Transaction will amortise. On each Interest Payment Date (other than the date on which the Class A1 Notes are redeemed in full), the Issuer will, in accordance with the Pre-Acceleration Principal Priority of Payments, pay to the Currency Swap Provider an amount of Available Principal Receipts to be applied in partial redemption of the Class A1 Notes, and the Currency Swap Provider under the Currency Swap Agreement will pay to the relevant Paying Agent (acting on behalf of the Issuer) an amount converted into dollars at the exchange rate specified in the Currency Swap Agreement equal to the amount of Available Principal Receipts received by it from the Issuer converted into dollars at the exchange rate specified in the Currency Swap Agreement, which will be applied by the Issuer in partial redemption of the Class A1 Notes in accordance with the Conditions.

On the Final Maturity Date of the Class A1 Notes or, if earlier, the date on which the Class A1 Notes are redeemed in full pursuant to the Conditions, under the Currency Swap Agreement, the Issuer will, subject to the relevant Priority of Payments, pay to the Currency Swap Provider an amount in Sterling of Available Principal Receipts equivalent to the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes on such date (such Principal Amount Outstanding to be converted into Sterling at the exchange rate specified in the Currency Swap Agreement). In return, on the Final Maturity Date or, if earlier, the date on which the Class A1 Notes are redeemed in full pursuant to the Conditions, the Currency Swap Provider under the Currency Swap Agreement will pay to the relevant Paying Agent (acting on behalf of the Issuer) an amount in dollars equal to the Principal Amount Outstanding of the Class A1 Notes on such date, which will be applied by the Issuer in redemption of the Class A1 Notes in accordance with the Conditions.

The relevant dollar/Sterling exchange rate under the Currency Swap Agreement will be determined on or prior to the Closing Date.

Subject to the circumstances described below, unless a Currency Swap Early Termination Event (as defined below) occurs and an Early Termination Date (as defined in the Currency Swap Agreement) for the Currency Swap Transaction is designated, the Currency Swap Transaction will terminate on the Final Maturity Date.

For so long as the Class A1 Notes are outstanding, if the Currency Swap Agreement is terminated and the Issuer is unable to enter into a replacement swap, then the Issuer shall pay interest and, to the extent provided for in the Conditions, principal on the Class A1 Notes on each Interest Payment Date after exchanging at the prevailing Spot Rate the Available Revenue Receipts and/or Available Principal Receipts from Sterling into dollars.

## **Currency Swap Agreement**

Under the terms of the Currency Swap Agreement, in the event that the relevant counterparty risk assessment or rating(s), as the case may be, of the Currency Swap Provider (or its guarantor or co-obligor, if applicable) assigned by a Rating Agency is or are below the counterparty risk assessment or rating specified in the Currency Swap Agreement (the **Currency Swap Provider Required Ratings**), the Currency Swap Provider will, in accordance with the terms of the Currency Swap Agreement, be required to take certain remedial measures within the timeframe stipulated in the Currency Swap Agreement and at its own cost which may include providing Collateral for its obligations under the Currency Swap Transaction, arranging for its obligations under the Currency

Swap Transaction to be transferred to an entity with the Currency Swap Provider Required Ratings, procuring another entity with the Currency Swap Provider Required Ratings to become co-obligor or guarantor, as applicable, in respect of its obligations under the Currency Swap Transaction or taking such other action (or inaction) that would result in the rating of the Class A1 Notes being maintained at, or restored to, the level it would have been at prior to such lower rating being assigned by the relevant Rating Agency. For so long as the Class A1 Notes are outstanding, the Issuer will use reasonable efforts to enter into a replacement swap in the event the Currency Swap Agreement is terminated.

To the extent required to be provided, Collateral will be provided under a credit support annex to the schedule to the Currency Swap Agreement and may take the form of cash in various currencies or eligible securities. The Currency Swap Provider will be responsible for determining (in accordance with stipulated parameters) the amount of Collateral which is required to be transferred. Any Collateral provided will be transferred by the Currency Swap Provider to the Collateral Account Bank. The Currency Swap Provider may from time to time be required to transfer additional Collateral, or may be entitled to require a transfer of equivalent Collateral to it (provided that the Issuer will not be a net transferor of Collateral). In certain circumstances of termination of the Currency Swap Transaction, the value of Collateral then held by the Collateral Account Bank will be taken into account in determining the respective obligations of the parties to the Currency Swap Transaction. Collateral will not form part of Available Revenue Receipts except in the limited circumstances described in the definition of Available Revenue Receipts.

The Currency Swap Transaction may be terminated in certain circumstances, including, but not limited to, the following, each as more specifically defined in the Currency Swap Agreement (a **Currency Swap Early Termination Event**):

- (a) if there is a failure by a party to pay amounts due under the Currency Swap Transaction and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to a party;
- (c) if a breach of a provision of the Currency Swap Agreement by the Currency Swap Provider is not remedied within the applicable grace period;
- (d) if a change of law results in the obligations of one of the parties becoming illegal;
- (e) if the Issuer consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of the Issuer under the Currency Swap Agreement by operation of law or pursuant to an agreement reasonably satisfactory to the Currency Swap Provider;
- (f) if the Issuer consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such action does not constitute an event described in paragraph (e) above but the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of the Issuer immediately prior to such action;
- (g) if the Currency Swap Provider is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Currency Swap Agreement (as described above);
- (h) service by the Note Trustee of a Note Acceleration Notice on the Issuer pursuant to Condition 10 (Events of Default) of the Notes;



- (i) if there is a redemption of the Class A Notes pursuant to Condition 7.4 (Optional Redemption of the Class A Notes in Full) or Condition 7.5 (Optional Redemption of the Class A Notes for Taxation or Other Reasons);
- (j) if any of the Transaction Documents are amended (other than with the prior written consent of the Currency Swap Provider) in a manner which, in the opinion of the Currency Swap Provider: (i) would have the effect that, immediately after such modification, the Currency Swap Provider would be reasonably required to pay more or receive less under the Currency Swap Agreement if the Currency Swap Provider were to replace itself as swap counterparty under the Currency Swap Agreement than it would otherwise have been required to prior to such modification; (ii) would have the effect of altering the amount, timing or priority of any payment or deliveries due from the Issuer to the Currency Swap Provider or from the Currency Swap Provider to the Issuer; or (iii) has a material adverse effect on the rights of the Currency Swap Provider under the Transaction Documents (including, for the avoidance of doubt and without limitation, its rights and obligations under the Currency Swap Agreement and its regulatory treatment of the Currency Swap Agreement and the transactions thereunder);
- (k) if any of the Transaction Documents become void or unenforceable and, in the opinion of the Currency Swap Provider, acting in good faith and a commercially reasonable manner, this results in a material adverse effect on the rights of the Currency Swap Provider under the Currency Swap Agreement or any other Transaction Document; and
- (l) if the Issuer and the Currency Swap Provider are not able to determine a replacement benchmark in accordance with the applicable fall-back provisions under the Currency Swap Agreement following the occurrence of a Benchmark Trigger Event (as defined in the 2018 ISDA Benchmarks Supplement, published by the International Swaps and Derivatives Association, Inc.).

Upon an early termination of the Currency Swap Transaction, depending on the type of Currency Swap Early Termination Event and circumstances prevailing at the time of termination, the Currency Swap Provider may be liable to make a termination payment to the Issuer. This termination payment will be calculated and made in U.S. Dollars. The amount of any termination payment will be based on (i) if the Currency Swap Provider is the Defaulting Party or an Affected Party (each as defined in the Currency Swap Agreement), the market value of the terminated swap as determined on the basis of quotations sought from leading dealers as to the costs of entering into a transaction with the same terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties (or based upon a good faith determination of total losses and costs (or gains) if an insufficient number of quotations can be obtained or if basing the valuation on quotations would not produce a commercially reasonable result) or (ii) if the Issuer is the Defaulting Party or the sole Affected Party, the total losses and costs (or gains) of the Currency Swap Provider in connection with the Currency Swap Agreement or the terminated swap (as the case may be) including any loss of bargain, cost of funding or, at the election of the Currency Swap Provider but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or re-establishing any hedge or related trading position (or any gain resulting from any of them), and in each case will include any unpaid amounts that became due and payable prior to the date of termination, taking account of any Collateral transferred by the Currency Swap Provider to the Issuer.

Depending on the circumstances prevailing at the time of termination, any such termination payment could be substantial and may affect the funds available to pay amounts due to the Noteholders.

Any termination payment received by the Issuer on the termination of the Currency Swap Transaction may be applied by the Issuer in purchasing a replacement Currency Swap Transaction.

The Currency Swap Provider may, subject to certain conditions specified in the Currency Swap Agreement including (without limitation) the satisfaction of certain requirements of the Rating Agencies, transfer its obligations under the Currency Swap Agreement to another entity with the Currency Swap Provider Required Ratings.

The Currency Swap Provider will generally be obliged to gross up payments made by it to the Issuer if a withholding or deduction for or on account of tax is imposed on payments made by it under the Currency Swap Agreement (other than in respect of any FATCA withholdings). However, if the Currency Swap Provider is required to gross up a payment under the Currency Swap Transaction due to a change in the law, the Currency Swap Provider may terminate the Currency Swap Transaction.

The Currency Swap Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## CASHFLOWS

### Definition of Revenue Receipts

**Revenue Receipts** means (a) payments of interest and other fees due from time to time under the Loans (including Early Repayment Fees and any Arrears of Interest) and other amounts received by the Issuer in respect of the Loans other than Principal Receipts, (b) recoveries of interest from defaulting Borrowers under Loans being enforced and (c) recoveries of any amounts (including any interest and principal amounts) from defaulting Borrowers under Loans in respect of which enforcement procedures have been completed if such recoveries are identifiable by the Seller as pertaining to a Loan in the Portfolio.

### Definition of Available Revenue Receipts

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

- (a) Revenue Receipts received during the immediately preceding Collection Period or, if in a Determination Period, Calculated Revenue Receipts, in each case, excluding any Reconciliation Amounts to be applied as Available Principal Receipts on that Interest Payment Date;
- (b) interest payable to the Issuer on the Bank Accounts (other than any Collateral Account) and income from any Authorised Investments, in each case, received during the immediately preceding Collection Period;
- (c) amounts received by the Issuer under the Interest Rate Swap Transaction and the Currency Swap Transaction, as applicable (other than (i) any early termination amount received by the Issuer under the Interest Rate Swap Transaction or the Currency Swap Transaction, as applicable, which is to be applied in acquiring a replacement swap, (ii) Excess Collateral or Collateral (except to the extent that the value of such Collateral has been applied, pursuant to the provisions of (A) the Interest Rate Swap Agreement to reduce the amount that would otherwise be payable by the Interest Rate Swap Provider to the Issuer on early termination of the Interest Rate Swap Transaction under the Interest Rate Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the Interest Rate Swap Provider, such Collateral is not to be applied in acquiring a replacement swap, in which case such amounts will be included in Available Revenue Receipts or (B) the Currency Swap Agreement to reduce the amount that would otherwise be payable by the Currency Swap Provider to the Issuer on early termination of the Currency Swap Transaction and, to the extent so applied in reduction of the amount otherwise payable by the Currency Swap Provider, such Collateral is not to be applied in acquiring a replacement swap, in which case such amounts will be included in Available Revenue Receipts), (iii) any Replacement Swap Premium but only to the extent applied directly to pay any termination payment due and payable by the Issuer to the Interest Rate Swap Provider or Currency Swap Provider and (iv) amounts in respect of Tax Credits);
- (d) other net income of the Issuer received during the immediately preceding Collection Period (excluding any Principal Receipts);
- (e) amounts credited to the GIC Account on the immediately preceding Interest Payment Date in accordance with item (m) of the definition of Pre-Acceleration Revenue Priority of Payments;
- (f) following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 5.9(c);
- (g) any amounts deemed to be Available Revenue Receipts in accordance with paragraph (f) of the definition of Available Principal Receipts;

(h) the amount standing to the credit of the General Reserve Ledger as at the last day of the immediately preceding Calculation Period;

less:

(i) amounts applied from time to time during the immediately preceding Collection Period in making payment of certain monies which properly belong to third parties (including the Seller) such as (but not limited to):

(i) payments of certain insurance premiums, provided that such cash amounts have been paid by the relevant Borrower and form part of Revenue Receipts;

(ii) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer's account;

(iii) payments by the Borrower of any fees (including Early Repayment Fees) and other charges which are due to the Seller; and

(iv) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower or the Seller,

(items within this paragraph (i) being collectively referred to herein as **Third Party Amounts**). Third Party Amounts may be deducted by the Cash Manager on a daily basis from the GIC Account to make payment to the persons entitled thereto except where such payments have already been provided for elsewhere;

*plus*

(j) on the Interest Payment Date on which the Class A Notes are fully repaid or otherwise redeemed in full, any amounts standing to the credit of the General Reserve Fund (to the extent not utilised on such Interest Payment Date pursuant to paragraph (h) above);

*plus*

(k) any drawings under the Class Z VFN made (at the discretion of the Class Z VFN Holder) to fund any Covid-19 Revenue Shortfall Amount;

*plus*

(l) if a Revenue Deficiency occurs such that the aggregate of paragraphs (a) to (h) less (i) plus (j) plus (k) above is insufficient to pay or provide for items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments, the amount then standing to the credit of the Liquidity Reserve Fund (if established) and available to be drawn to the extent necessary to pay such Revenue Deficiency;

*plus*

(m) if a Revenue Deficiency occurs such that the aggregate of paragraphs (a) to (h) less (i) plus (j) plus (k) plus (l) above is insufficient to pay or provide for items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments, Available Principal Receipts in an aggregate amount sufficient to cover such Revenue Deficiency;

*plus*

- (n) following repayment of the Notes in full, amounts deemed to be Available Revenue Receipts in accordance with item (h) of the Pre-Acceleration Principal Priority of Payments.

#### **Application of Monies Released from the General Reserve Fund**

Prior to service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the General Reserve Fund as at the end of the immediately preceding Collection Period will be withdrawn from the General Reserve Fund and applied on such Interest Payment Date as Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments. Following service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the General Reserve Ledger will be applied in accordance with the Post-Acceleration Priority of Payments.

#### **Application of Monies Drawn from the Liquidity Reserve Fund**

Prior to the service of a Note Acceleration Notice on the Issuer and following the date on which YBS ceases to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 or a long-term issuer default rating by Fitch of at least BBB or a short-term issuer default rating by Fitch of at least F2, if there is a Revenue Deficiency, then monies standing to the credit of the Liquidity Reserve Fund as at the end of the immediately preceding Collection Period may be applied on each Interest Payment Date to make payments at items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments to the extent required.

Following the service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the Liquidity Reserve Fund will be applied in accordance with the Post-Acceleration Priority of Payments.

If any amounts are applied from the Liquidity Reserve Fund to fund items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments, a corresponding debit will be made to the Principal Deficiency Ledger.

#### **Application of Principal Receipts to pay Revenue Deficiency**

Prior to the service of a Note Acceleration Notice on the Issuer, if, following the application of any amounts standing to the credit of the Liquidity Reserve Fund (if established), there remains a Revenue Deficiency, then monies standing to the credit of the Principal Ledger as at the end of the immediately preceding Collection Period may be applied on each Interest Payment Date to make payments to items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments in an amount equal to the Revenue Deficiency on such Interest Payment Date.

If any amounts are applied from the Principal Ledger to pay or provide for a Revenue Deficiency on any Interest Payment Date, the Issuer (or the Cash Manager on its behalf) will make a corresponding entry in the relevant Principal Deficiency Ledger.

For the avoidance of doubt, Contractual Difference Amounts applied as Available Revenue Receipts will not incur entries in the Principal Deficiency Ledger. Following service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the Principal Ledger will be applied in accordance with the Post-Acceleration Priority of Payments.

#### **Application of amounts standing to the credit of the Retained Principal Ledger**

Prior to the service of a Note Acceleration Notice on the Issuer and during the Further Sale Period, amounts standing to the credit of the Retained Principal Ledger will be applied as Available Principal Receipts on each Interest Payment Date.

As a result, such amounts will, after having been applied to credit the Liquidity Reserve Fund pursuant to item (a) of the Pre-Acceleration Principal Priority of Payments, first be used towards funding of any Class A

Target Amortisation Amount Shortfall on such Interest Payment Date before being applied towards the payment of the purchase price for any Additional Loans sold to the Issuer on a Further Sale Date falling in the same calendar month as such Interest Payment Date. On the Interest Payment Date immediately following the end of the Further Sale Period, all amounts standing to the credit of the Retained Principal Ledger shall be applied as Available Principal Receipts, and, as of and from such Interest Payment Date, there shall be no obligation to maintain the Retained Principal Ledger.

**Class A Target Amortisation Amount Shortfall** means the amount by which Available Principal Receipts (after the payment of item (a) of the Pre-Acceleration Principal Priority of Payments (if required)) is insufficient to provide for items (b), (c), (d) and (e) of the Pre-Acceleration Principal Priority of Payments.

**Class A1 Target Amortisation Amount Shortfall** means:

- (a) prior to the Class A1 Sterling Equivalent Redemption Date, the amount by which the product of (i) Available Principal Receipts (after the payment of item (a) of the Pre-Acceleration Principal Priority of Payments) and (ii) the Class A1 Ratio, is insufficient to pay the Class A1 Target Amortisation Amount; and
- (b) following the Class A1 Sterling Equivalent Redemption Date, the amount by which Available Principal Receipts (after the payment of items (a) to (c) of the Pre-Acceleration Principal Priority of Payments) is insufficient to provide for item (d) of the Pre-Acceleration Principal Priority of Payments.

**Class A2 Target Amortisation Amount Shortfall** means the amount by which the product of (i) Available Principal Receipts (after the payment of item (a) of the Pre-Acceleration Principal Priority of Payments) and (ii) the Class A2 Ratio, is insufficient to pay the Class A2 Target Amortisation Amount.

**Class A3 Target Amortisation Amount Shortfall** means the amount by which Available Principal Receipts (after the payment of items (a) to (d) of the Pre-Acceleration Principal Priority of Payments (if required)) is insufficient to provide for item (e) of the Pre-Acceleration Principal Priority of Payments.

#### **Application of Monies following redemption of the Notes in full**

On any Optional Redemption Date (which is not an Interest Payment Date) on which the Notes are repaid or provided for in full, the Issuer (or the Cash Manager on its behalf) may, or if directed by the Seller, shall, apply all amounts standing to the credit of any Bank Account of the Issuer to repay any liabilities of the Issuer and to discharge all other amounts required to be paid by the Issuer in accordance with the order of priority set out in the Post-Acceleration Priority of Payments.

#### **Application of Available Revenue Receipts Prior to the Service of a Note Acceleration Notice on the Issuer**

On each relevant Interest Payment Date prior to the service of a Note Acceleration Notice by the Note Trustee on the Issuer, the Cash Manager, on behalf of the Issuer, shall apply or provide for the application of the Available Revenue Receipts 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-Acceleration Revenue 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 or to become due and payable prior to the immediately following Interest Payment Date to the Note Trustee and any Appointee under the provisions of the Trust Deed and the other

Transaction Documents together with (if payable) value added tax (**VAT**) thereon as provided therein; and

- (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due or to become due and payable prior to the immediately following Interest Payment Date 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 of:

- (i) any remuneration then due and payable to the Agent Bank, the Paying Agents, the Registrar, the DTC Custodian and any fees, costs, charges, liabilities, expenses and all other amounts then due or to become due and payable prior to the immediately following Interest Payment Date 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 any Collateral Account Bank and any fees, costs, charges, liabilities and expenses then due or to become due and payable to any Collateral Account Bank prior to the immediately following Interest Payment Date under the provisions of the Collateral Account Bank Agreement, together with (if payable) VAT thereon as provided therein;
- (iii) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Corporate Services Provider in the immediately succeeding Interest Period under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;
- (iv) any amounts then due and payable to the Class Z VFN Registrar and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Class Z VFN Registrar in the immediately succeeding Interest Period under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein; and
- (v) any amounts then due and payable to the Account Bank for itself and on behalf of the GIC Provider and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Account Bank for itself and on behalf of the GIC Provider prior to the immediately following Interest Payment Date under the provisions of the Bank Account Agreement, together with (if payable) VAT thereon as provided therein.

(c) *third*, in or towards satisfaction of any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and any amounts necessary to provide for any such amounts expected to become due and payable by the Issuer prior to the immediately following Interest Payment Date and any amounts required to pay or discharge any liability of the Issuer for corporation tax on any income or chargeable gain of the Issuer (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under item (k) below);

(d) *fourth*, to provide for amounts due on the relevant Interest Payment Date, to pay, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

- (i) any amounts then due and payable to the Servicer and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Servicer prior to the

immediately following Interest Payment Date under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;

- (ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager prior to the immediately following Interest Payment Date under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein; and
  - (iii) any amounts then due and payable to the Back-Up Servicer Facilitator and any costs, charges, liabilities and expenses then due and payable to the Back-Up Servicer Facilitator under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein;
- (e) *fifth*, to provide for amounts due on the relevant Interest Payment Date, to pay, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, any amounts due to the Interest Rate Swap Provider in respect of the Interest Rate Swap Transaction, including any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to the Interest Rate Swap Provider of any Replacement Swap Premium, but excluding, if applicable, any related Interest Rate Swap Excluded Termination Amount;
- (f) *sixth*, to provide for amounts due on the relevant Interest Payment Date, to pay *pro rata* and *pari passu* according to the respective amounts thereof of:

- (i) the Sterling equivalent of interest due and payable on the Class A Notes (taking into account amounts payable in (ii) below);

provided that for the purposes of making such payments in respect of the Class A1 Notes:

- (A) the Cash Manager (on behalf of the Issuer) shall transfer to the Currency Swap Provider the relevant floating rate amount due under the Currency Swap Agreement and the Currency Swap Provider shall transfer the corresponding floating rate amount in dollars to the relevant Paying Agent for the account of the holders of the Class A1 Notes; or
  - (B) if there is no Currency Swap Agreement in force, the Cash Manager (on behalf of the Issuer) shall convert an amount equal to the GBP Equivalent of interest due on the Class A1 Notes into dollars at the applicable Spot Rate (booked for conversion for value on that Interest Payment Date) and the Cash Manager (on behalf of the Issuer) shall transfer the amounts received following such conversion to the relevant Paying Agent for the account of the holders of the Class A1 Notes; and
- (ii) any amounts due and payable under the Currency Swap Agreement in respect of the Currency Swap Transaction, including the Sterling equivalent of any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to the Currency Swap Provider of any Replacement Swap Premium (provided that for the purposes of making such termination payments, the Cash Manager (on behalf of the Issuer) shall convert an amount equal to the GBP Equivalent of such termination payments into dollars at the applicable Spot Rate (booked for conversion for value on the relevant Interest Payment Date) and the Cash Manager (on behalf of the Issuer) shall transfer the amounts received following such conversion to the Currency Swap Provider), but excluding any Currency Swap Excluded Termination Amount and excluding any principal exchange amounts denominated in Sterling payable by the Issuer in exchange for dollar exchange amounts under the Currency Swap Agreement;



- (g) *seventh*, to credit (so long as any Class A Notes will remain outstanding following such Interest Payment Date) the Class A Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied in repayment of principal as Available Principal Receipts);
- (h) *eighth*, provided such Interest Payment Date is not the final interest payment date of the transaction, to credit the General Reserve Ledger up to the General Reserve Required Amount;
- (i) *ninth*, (so long as the Class Z VFN will remain outstanding following such Interest Payment Date) to credit the Class Z VFN Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied in repayment of principal as Available Principal Receipts);
- (j) *tenth*, to provide for amounts due on the relevant Interest Payment Date to pay interest (including any Deferred Interest) due and payable on the Class Z VFN according to the respective Principal Amount Outstanding thereof;
- (k) *eleventh*, to pay the Issuer the Issuer Profit Amount to be retained by the Issuer as profit in respect of the business of the Issuer;
- (l) *twelfth*, to pay *pro rata* and *pari passu* according to the amounts thereof and in accordance with the terms of the:
  - (i) Interest Rate Swap Transaction to the Interest Rate Swap Provider in respect of any Interest Rate Swap Excluded Termination Amount; and
  - (ii) Currency Swap Transaction to the Currency Swap Provider in respect of any Currency Swap Excluded Termination Amount;
- (m) *thirteenth*, (so long as any Class A Notes will remain outstanding following such Interest Payment Date) if such Interest Payment Date falls within a Determination Period, then the excess (if any) to the GIC Account to be applied as Available Revenue Receipts on the next Interest Payment Date;
- (n) *fourteenth*, (so long as the Class Z VFN will remain outstanding following such Interest Payment Date), to repay any Principal Amount Outstanding of the Class Z VFN up to an amount equal to the excess (if any) of the General Reserve Fund being the balance of the General Reserve Fund at the immediately preceding Interest Payment Date less the balance of the General Reserve Fund at the current Interest Payment Date (at all times subject to a floor of zero);
- (o) *fifteenth*, (so long as no Class A Notes remain outstanding following such Interest Payment Date) to pay principal due and payable on the Class Z VFN in an amount equal to the Class Z Repayment Amount; and
- (p) *sixteenth*, to pay any remaining amounts, such amounts being Deferred Consideration, in accordance with the Mortgage Sale Agreement.

As used in this Prospectus:

**Accrual Amount** means the amount of interest accruing on an SVR Loan in any month calculated using the rate of interest then chargeable in relation to such SVR Loan;

**Accrued Interest** means, in respect of a Loan as at any date, the aggregate of all interest accrued but not yet due and payable on the Loan from (and including) the monthly payment date in respect of that Borrower's Loan immediately preceding the relevant date to (but excluding) the relevant date;

**Appointee** means any attorney, manager, agent, delegate, nominee, Receiver, receiver and manager, custodian 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;

**Arrears of Interest** means, as at any date in respect of any Loan, the aggregate of all interest (other than Accrued Interest) on that Loan which is currently due and payable and unpaid on that date;

**Class Z Repayment Amount** means, as at an Interest Payment Date, the greater of (A) the Principal Amount Outstanding of the Class Z VFN on such Interest Payment Date (taking into account any amounts to be applied to pay principal on the Class Z VFN on such Interest Payment Date in accordance with the Pre-Acceleration Principal Priority of Payments and in accordance with item (n) of the definition of Pre-Acceleration Revenue Priority of Payments) less the Current Balance of the Loans as at the day before such Interest Payment Date and (B) zero;

**Collateral** means an amount equal to the value of collateral (other than Excess Collateral) provided by a Swap Provider to the Issuer in support of its obligations under the relevant Swap Agreement, and includes any interest or distributions in respect thereof;

**Contractual Difference Amount** means, in respect of an SVR Loan and any month in relation to which the Borrower has paid the Fixed Monthly Amount for such SVR Loan in such month, the amount (if any) by which the Accrual Amount is greater than the Fixed Monthly Amount in respect of such SVR Loan;

**Currency Swap Agreement** means the ISDA Master Agreement (including a schedule and credit support annex thereto) and a confirmation thereunder (each as amended or supplemented from time to time) relating to the Currency Swap Transaction entered into between the Issuer and the Currency Swap Provider on or about the Closing Date or any replacement Currency Swap Agreement;

**Currency Swap Excluded Termination Amount** means the amount of any termination payment due and payable to a Currency Swap Provider as a result of a Relevant Swap Provider Default or Relevant Swap Provider Downgrade Event (to the extent such payment cannot be satisfied by (i) payment by the Issuer of any Replacement Swap Premium and/or (ii) any excess collateral amounts standing to the credit of the Collateral Account);

**Currency Swap Provider** means BNP Paribas and any successor, transferee or replacement swap provider under the Currency Swap Agreement or a replacement currency swap agreement in respect of the Currency Swap (as applicable);

**Early Repayment Fee** means any fee (other than a Redemption Fee) which a Borrower is required to pay in the event that such Borrower repays all or any part of the relevant Loan before a specified date in the Mortgage Conditions;

**Excess Collateral** means an amount (which will be transferred directly to the relevant Swap Provider in accordance with the relevant Swap Agreement) equal to the amount by which the value of the Collateral (or the applicable part of any Collateral) provided by such Swap Provider to the Issuer pursuant to the relevant Swap Agreement exceeds such Swap Provider's liability under the Interest Rate Swap Transaction or the Currency Swap Transaction, as applicable, as at the date of termination of the Interest Rate Swap Transaction or the Currency Swap Transaction, as applicable, or which it is otherwise entitled to have returned to it under the terms of the relevant Swap Agreement;

**Fixed Monthly Amount** means the fixed monthly amount paid by a Borrower in respect of an SVR Loan;

**GBP Equivalent** means, in relation to an amount,

(a) expressed in Sterling, that amount; and

- (b) expressed in U.S. Dollars, the Sterling equivalent of that amount:
- (i) if the original Currency Swap Agreement has not been terminated, determined using the Original Exchange Rate;
  - (ii) if the original Currency Swap Agreement has been terminated and a replacement Currency Swap Agreement has been entered into by the Issuer, determined using the replacement exchange rate under such replacement Currency Swap Agreement; or
  - (iii) if the original Currency Swap Agreement has been terminated and a replacement Currency Swap Agreement has not been entered into by the Issuer, determined using the prevailing Spot Rate available to the Cash Manager (booked for conversion for value on the date on which (A) such U.S. Dollar amount is payable; or (B) where the GBP Equivalent is being determined for a purpose other than in the context of a payment, such determination is to be made).

**Interest Period** means, in relation to a Note, the period from (and including) an Interest Payment Date for that Note (except in the case of the first Interest Period for the Notes, where it shall be the period from (and including) the Closing Date) to (but excluding) the next succeeding (or first) Interest Payment Date for that Note;

**Interest Rate Swap Agreement** means an ISDA Master Agreement (including a schedule and a credit support annex thereto and one or more confirmations thereunder) entered into between the Interest Rate Swap Provider and the Issuer on or about the Closing Date or any replacement Interest Rate Swap Agreement;

**Interest Rate Swap Excluded Termination Amount** means the amount of any termination payment due and payable to an Interest Rate Swap Provider as a result of a Relevant Swap Provider Default or Relevant Swap Provider Downgrade Event (to the extent such payment cannot be satisfied by (i) payment by the Issuer of any Replacement Swap Premium and/or (ii) any excess collateral amounts standing to the credit of the relevant Collateral Account);

**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;

**Redemption Fee** means the standard redemption fee charged to the Borrower by the Seller where the Borrower makes a repayment of the full outstanding principal of a Loan on the maturity date of such Loan;

**Relevant Swap Provider Default** means, in respect of a Swap Provider, the occurrence of an Event of Default (as defined in the Relevant Swap Agreement) where such Swap Provider is the Defaulting Party (as defined in the relevant Swap Agreement);

**Relevant Swap Provider Downgrade Event** means, in respect of a Swap Agreement, the occurrence of an Additional Termination Event (as defined in the relevant Swap Agreement) following the failure by such Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the relevant Swap Agreement;

**Replacement Swap Premium** means, in respect of the Interest Rate Swap Transaction or the Currency Swap Transaction, as applicable, an amount received by the Issuer from a replacement swap provider upon entry by the Issuer into a replacement swap transaction, with such replacement swap provider to replace such Interest Rate Swap Transaction or Currency Swap Transaction, as applicable;

**Spot Rate** means, on any day, the spot rate of exchange available that day offered by a bank selected by the Cash Manager for the purchase of dollars with Sterling, provided that in no event shall the Cash Manager be liable to the Issuer or any other person for the spot rate of exchange so obtained (including if a spot rate of exchange more favourable to the Issuer could have been obtained from another bank);

**Swap Agreement** means the Currency Swap Agreement or the Interest Rate Swap Agreement (as applicable);

**Swap Provider** means the Interest Rate Swap Provider or the Currency Swap Provider (as applicable); and

**Tax Credits** means any credit, allowance, set-off or repayment in respect of tax received by the Issuer from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Interest Rate Swap Provider or the Currency Swap Provider, as applicable, to the Issuer.

### **Definition of Principal Receipts**

**Principal Receipts** means (a) principal repayments under the Loans, (b) recoveries of principal from defaulting Borrowers under Loans being enforced (including the proceeds of the sale of the relevant Property), (c) any payment pursuant to any insurance policy in respect of a Mortgaged Property in connection with a Loan in the Portfolio and (d) the proceeds of the repurchase of any Loan by the Seller (or, as applicable, YBS or one of its subsidiaries) from the Issuer pursuant to the Mortgage Sale Agreement (other than any amount representing accrued interest).

### **Definition of Available Principal Receipts**

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

(a) all Principal Receipts or, if in a Determination Period, any Calculated Principal Receipts, in each case, excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date:

(i) received by the Issuer during the immediately preceding Collection Period

*minus*

(A) an amount equal to the aggregate of all Further Advance Purchase Prices paid by the Issuer in such Collection Period (but excluding from this deduction any Further Advance Purchase Prices paid by the Issuer on an Interest Payment Date (where such Interest Payment Date is also a Monthly Pool Date)); and

(B) an amount equal to the aggregate of all Further Advance Purchase Prices to be paid by the Issuer on that Interest Payment Date (where such Interest Payment Date is also a Monthly Pool Date),

but in an aggregate amount not exceeding all such Principal Receipts; and

(ii) received by the Issuer from the Seller (or, as applicable, YBS or one of its subsidiaries) during the immediately preceding Collection Period in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller (or, as applicable, YBS or one of its subsidiaries) pursuant to the Mortgage Sale Agreement;

- (b) the amount standing to the credit of the Liquidity Reserve Fund (if established) (to the extent not utilised on such Interest Payment Date pursuant to paragraph (l) of the definition of Available Revenue Receipts);
- (c) (in respect of the first Interest Payment Date only) the amount paid into the GIC Account on the Closing Date from the excess of the proceeds of the Notes (excluding the proceeds of the Class Z VFN used to establish the General Reserve Fund and to pay the initial expenses of the Issuer incurred in connection with the issue of the Notes on the Closing Date (including the initial fees paid to the Currency Swap Provider under the Currency Swap Transaction)) over the Initial Consideration;
- (d) following a Determination Period, any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 5.9(c);
- (e) any amount standing to the credit of the Retained Principal Ledger;  
*less*
- (f) an amount equal to the aggregate of the Contractual Difference Amounts in relation to the SVR Loans, which such amounts shall be deemed to be Available Revenue Receipts (and which such amounts shall not, for the avoidance of doubt, incur entries in the Principal Deficiency Ledger);  
*less*
- (g) any amounts utilised to pay a Revenue Deficiency pursuant to paragraph (m) of the definition of Available Revenue Receipts;  
*plus*
- (h) the amounts (if any) calculated on that Interest Payment Date pursuant to the Pre-Acceleration Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Ledger and/or the Class Z VFN Principal Deficiency Ledger is reduced; and
- (i) on and after the date on which the Class A1 Notes are redeemed in full or after service of a Note Acceleration Notice, the Swap Excess Reserve Release Amount (after conversion into Sterling by the Cash Manager at the Spot Rate).

**Application of Available Principal Receipts Prior to the Service of a Note Acceleration Notice on the Issuer**

Prior to the service of a Note Acceleration Notice on the Issuer, the Issuer is required pursuant to the terms of the Cash Management Agreement to apply Available Principal Receipts on each Interest Payment Date in the following order of priority (the **Pre-Acceleration Principal Priority of Payments**) (in each case only if and to the extent that payments or provisions of higher priority have been paid in full):

- (a) *first*, following the date on which YBS ceases to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 or a long-term issuer default rating by Fitch of at least BBB or a short-term issuer default rating by Fitch of at least F2 and provided such Interest Payment Date is not the final Interest Payment Date in respect of the Class A Notes, to credit the Liquidity Reserve Fund to the Liquidity Reserve Fund Required Amount;
- (b) *second*, in or towards a repayment of the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes in an amount equal to the lower of (a) the product of (A) Available Principal Receipts available after the payment of the item (a) of the Pre-Acceleration Principal Priority of Payments and

(B) the Class A1 Ratio, and the amount required to reduce the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes by the Class A1 Target Amortisation Amount for such Interest Payment Date (including any such amounts which remain unpaid from previous Interest Payment Dates), provided that, for the purposes of making such payments in respect of the Class A1 Notes:

- (i) the Cash Manager (on behalf of the Issuer) shall transfer to the Currency Swap Provider the relevant Sterling exchange amount due under the Currency Swap Agreement and the Currency Swap Provider shall transfer the corresponding dollar exchange amount in dollars to the relevant Paying Agent for the account of the Class A1 Noteholders; or
- (ii) if there is no Currency Swap Agreement in force, the Cash Manager (on behalf of the Issuer) shall convert an amount equal to the applicable share of the Available Principal Receipts into dollars at the prevailing Spot Rate (booked for conversion for value on that Interest Payment Date) and the Cash Manager (on behalf of the Issuer) shall transfer the amounts received following such conversion up to the Class A1 Target Amortisation Amount, to the relevant Paying Agent for the account of the Class A1 Noteholders and any Principal Excess Amounts to the Swap Excess Reserve Account,

provided that, if the original Currency Swap Agreement has terminated, for the purpose of paying such amount to the relevant Currency Swap Provider or making such conversion at the prevailing Spot Rate, the Cash Manager will pay or convert, as applicable, an amount in Sterling calculated using the Original Exchange Rate;

- (c) *third*, in or towards repayment of the Principal Amount Outstanding on the Class A2 Notes in an amount equal to the lower of (a) the product of (A) Available Principal Receipts available after the payment of item (a) of the Pre-Acceleration Principal Priority of Payments and (B) the Class A2 Ratio, and the amount required to reduce the Principal Amount Outstanding of the Class A2 Notes by the Class A2 Target Amortisation Amount for such Interest Payment Date (including any such amounts which remain unpaid from previous Interest Payment Dates);
- (d) *fourth*, if any Class A1 Notes remain outstanding following the Class A1 Sterling Equivalent Redemption Date, after the application of any Principal Excess Amounts, to redeem the Class A1 Notes until the Class A1 Notes have been redeemed in full, provided that, for the purposes of making such payments:
  - (A) the Cash Manager (on behalf of the Issuer) shall transfer to the Currency Swap Provider the relevant Sterling exchange amount due under the Currency Swap Agreement and the Currency Swap Provider shall transfer the corresponding dollar exchange amount in dollars to the relevant Paying Agent for the account of the Class A1 Noteholders, or
  - (B) if there is no Currency Swap Agreement in force, the Cash Manager (on behalf of the Issuer) shall convert an amount equal to the applicable share of the Available Principal Receipts into dollars at the prevailing Spot Rate (booked for conversion for value on that Interest Payment Date) and the Cash Manager (on behalf of the Issuer) shall transfer the amounts received following such conversion to the relevant Paying Agent for the account of the Class A1 Noteholders;
- (e) *fifth*, in or towards repayment of the Principal Amount Outstanding on the Class A3 Notes, in the amount required to reduce the Principal Amount Outstanding of the Class A3 Notes by the Class A3 Target Amortisation Amount for such Interest Payment Date (including any such amounts which remain unpaid from previous Interest Payment Dates);

- (f) *sixth*, if such Interest Payment Date falls in the Further Sale Period, applied (i) to the payment of any purchase price for any Additional Loans on such Interest Payment Date and (ii) any remaining amount to be credited to the Retained Principal Ledger;
- (g) *seventh*, in or towards repayment of the principal amounts outstanding on the Class Z VFN until the Principal Amount Outstanding of the subscription under the Class Z VFN used to fund the Current Balance of the Loans has been reduced to zero; and
- (h) *eighth*, the excess (if any) to be applied as Available Revenue Receipts.

**Class A1 Ratio** means, for a given Interest Payment Date, the ratio of

- (a) the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes prior to the application of the Pre-Acceleration Principal Priority of Payments *minus* the Class A1 Target Amortisation Amount for the relevant Interest Payment Date after the application of the Pre-Acceleration Principal Priority of Payments, to
- (b) the sum of
  - (i) the amount determined in (a) above, and
  - (ii) the Principal Amount Outstanding of the Class A2 Notes prior to the application of the Pre-Acceleration Principal Priority of Payments *minus* the Class A2 Target Amortisation Amount for the relevant Interest Payment Date after the application of the Pre-Acceleration Principal Priority of Payments.

**Class A1 Sterling Equivalent Redemption Date** means the Interest Payment Date on which the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes equals zero;

**Class A2 Ratio** means one minus the Class A1 Ratio.

**Distribution of Available Principal Receipts and Available Revenue Receipts Following the Service of a Note Acceleration Notice on the Issuer**

Following the service of a Note Acceleration Notice (which has not been revoked) on the Issuer, the Security Trustee (or the Cash Manager on its behalf) or a Receiver will apply amounts received or recovered following the service of a Note Acceleration Notice on the Issuer (including, for the avoidance of doubt, on enforcement of the Security) other than:

- (a) amounts representing any Excess Collateral (which such amounts shall be returned directly to the relevant Swap Provider under the relevant Swap Agreement);
- (b) any Collateral (including to the extent that: (i) the value of such Collateral has been applied, pursuant to the provisions of the relevant Swap Agreement, to reduce the amount that would otherwise be payable by the relevant Swap Provider to the Issuer on early termination of the Interest Rate Swap Transaction or the Currency Swap Transaction, as applicable; or (ii) any such Collateral is required to be returned to such Swap Provider pursuant to the relevant Swap Agreement which such amounts shall be returned directly to the relevant Swap Provider);
- (c) any Tax Credits which shall be returned directly to the relevant Swap Provider;
- (d) any Replacement Swap Premium (only to the extent it is applied directly to pay a termination payment due and payable by the Issuer to the relevant Swap Provider) which shall be paid directly to such Swap Provider; and

- (e) any amounts standing to the credit of the Issuer Profit Ledger or any Issuer Profit Amount (which such amounts shall be used by the Issuer in or towards satisfaction of any amounts due and payable by the Issuer to third parties (and any amounts necessary to provide for any such amounts expected to become due and payable by the Issuer in the immediately succeeding Interest Period) and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere)) and any amounts required to pay or discharge any liability of the Issuer for corporation tax on any income or chargeable gain of the Issuer (which such amounts shall be used for such purpose),

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-Acceleration Priority of Payments** and, together with the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments, the **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 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, any Receiver appointed by 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 of:
  - (i) any remuneration then due and payable to the Agent Bank, the Paying Agents, the Registrar, the DTC Custodian and any fees, 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 any Collateral Account Bank and any fees, costs, charges, liabilities and expenses then due and payable to any Collateral Account Bank under the provisions of any Collateral Account Bank Agreement, together with (if payable) VAT thereon as provided therein;
  - (iii) 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;
  - (iv) any amounts then due and payable to the Class Z VFN Registrar and any fees, costs, charges, liabilities and expenses then due and payable to the Class Z VFN Registrar under the provisions of the Agency Agreement together with (if payable) VAT thereon as provided therein; and
  - (v) any amounts then due and payable to the Account Bank for itself and on behalf of the GIC Provider and any fees, costs, charges, liabilities and expenses then due and payable to the Account Bank for itself and on behalf of the GIC Provider under the provisions of the Bank Account Agreement, together with (if payable) VAT thereon as provided therein;



- (c) *third*, to pay, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) any amounts then due and payable to the Servicer and any fees, costs, charges, liabilities and expenses then due and payable to the Servicer under the provisions of the Servicing 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 and expenses then due and payable to the Cash Manager under the provisions of the Cash Management Agreement, together with (if payable) VAT thereon as provided therein; and
  - (iii) any amounts then due and payable to the Back-Up Servicer Facilitator and any costs, charges, liabilities and expenses then due and payable to the Back-Up Servicer Facilitator under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein;
- (d) *fourth*, to pay amounts due and payable *pro rata* and *pari passu* according to the respective amounts thereof of any amounts due to the Interest Rate Swap Provider in respect of the Interest Rate Swap Transaction including any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to the Interest Rate Swap Provider of any excess collateral amounts standing to the credit of the relevant Collateral Account but excluding, where applicable, any related Interest Rate Swap Excluded Termination Amount;
- (e) *fifth*, to pay *pro rata* and *pari passu* according to the respective outstanding amounts thereof:
- (i) any interest and principal due and payable on the Class A Notes, until the Principal Amount Outstanding on the Class A Notes has been reduced to zero, provided that for the purposes of making such payments in respect of the Class A1 Notes, the Cash Manager (on behalf of the Issuer) shall convert the relevant amount into dollars either pursuant to the Currency Swap Agreement, or if the Currency Swap Agreement has been terminated, at the Spot Rate (booked for conversion for value on the relevant date of payment) and the Cash Manager shall transfer the amounts received following such conversion to the relevant Paying Agent for the account of the holders of the Class A1 Notes; and
  - (ii) any amounts due to the Currency Swap Provider in respect of the Currency Swap Transaction including the Sterling equivalent of any termination payment due and payable to the Issuer to the extent it is not satisfied by the payment by the Issuer to the Currency Swap Provider of any excess collateral amounts standing to the credit of any Collateral Account (provided that for the purposes of making such termination payments, the Cash Manager (on behalf of the Issuer) shall convert an amount equal to the GBP Equivalent of such termination payments into dollars at the applicable Spot Rate (booked for conversion for value on the relevant date of payment) and the Cash Manager (on behalf of the Issuer) shall transfer the amounts received following such conversion to the Currency Swap Provider) but excluding, where applicable, any related Currency Swap Excluded Termination Amount;
- (f) *sixth*, to pay according to the respective outstanding amounts interest and principal due and payable on the Class Z VFN, until the Principal Amount Outstanding on the Class Z VFN has been reduced to zero;
- (g) *seventh*, to pay *pro rata* and *pari passu* according to the respective amounts thereof and in accordance with the terms of the:

- (i) Interest Rate Swap Transaction, to the Interest Rate Swap Provider in respect of any Interest Rate Swap Excluded Termination Amount; and
  - (ii) Currency Swap Transaction, to the Currency Swap Provider in respect of any Currency Swap Excluded Termination Amount;
- (h) *eighth*, to pay the Issuer the Issuer Profit Amount to be retained by the Issuer in the Bank Accounts as profit in respect of the business of the Issuer; and
- (i) *ninth*, to pay any Deferred Consideration in accordance with the Mortgage Sale Agreement in respect of the Loans sold to the Issuer from time to time.

#### **Application of Amounts in Respect of Collateral, Excess Collateral, Tax Credits and Replacement Swap Premium**

Amounts received or held by the Issuer in respect of Excess Collateral, Collateral (except to the extent that (i) the value of such Collateral has been applied, pursuant to the provisions of the relevant Swap Agreement, to reduce the amount that would otherwise be payable by the relevant Swap Provider to the Issuer on early termination of the relevant Swap Agreement or (ii) any such Collateral is required to be returned to the relevant Swap Provider pursuant to the relevant Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by such Swap Provider, such Collateral is not to be applied in acquiring a replacement swap), Tax Credits and Replacement Swap Premium (only to the extent it is applied directly to pay a termination payment due and payable by the Issuer to such Swap Provider) shall, to the extent due and payable under the terms of the relevant Swap Agreement, be paid directly to the relevant Swap Provider without regard to the Priority of Payments and in accordance with the terms of the Deed of Charge.

#### **Disclosure of Modifications to the Priority of Payments**

Any events which trigger changes in any Priority of Payments and any change in any Priority of Payments which will materially adversely affect the repayment of the Notes shall be disclosed without undue delay to the extent required under Article 21(9) of the UK Securitisation Regulation.

## DESCRIPTION OF THE NOTES IN GLOBAL FORM AND THE VARIABLE FUNDING NOTES

### General

The Notes of each Class (other than the Class Z VFN) will be represented by either Rule 144A Global Notes or Regulation S Global Notes, as applicable. The Class A Notes offered and sold in the United States to QIBs in reliance on Rule 144A will be represented by the Rule 144A Global Notes and the Class A Notes offered and sold outside the United States in offshore transactions to non-U.S. persons in reliance on Regulation S will be represented by the Regulation S Global Notes. Except in the limited circumstances described in "Issuance of Definitive Notes" below, beneficial interests in the Rule 144A Global Notes and the Regulation S Global Notes may only be held through DTC, Euroclear or Clearstream, Luxembourg or their participants at any time. All capitalised terms not defined in this Section shall be as defined in the Conditions of the Notes.

The Rule 144A Global Notes and the Regulation S Global Notes will be deposited on or about the Closing Date on behalf of the subscribers for the Class A Notes, in the case of the U.S. Global Notes, with the DTC Custodian, the U.S. Paying Agent and registered in the name of Cede & Co. as nominee of DTC, and, in the case of the Non-U.S. Global Notes, with a Common Safekeeper for both Euroclear and Clearstream, Luxembourg. The Common Safekeeper will hold the Non-U.S. Global Notes in custody for Euroclear and Clearstream, Luxembourg. Upon deposit of the Rule 144A Global Notes and the Regulation S Global Notes, the Clearing Systems (as the case may be) will record book-entry interests in the beneficial owner's account or the participant account through which the beneficial owner holds its interests in the principal amount of Class A Notes for which the subscriber will have subscribed and paid. The Class A Notes, issued in registered form and represented by the Global Notes, will be transferred in book-entry form only. The Class Z VFN will not be cleared (see "Variable Funding Notes" below).

Beneficial interests in the Rule 144A Global Notes may only be held by persons who are QIBs, either holding their interests for their own account or for the account or benefit of another QIB. By acquiring the beneficial interest in a Rule 144A Global Note, the purchaser or any subsequent purchaser thereof will be deemed to have made the representations, warranties and undertakings contained in "Transfer Restrictions and Investor Representations".

Prior to the expiry of the period of 40 days after the later of the commencement of the offering and the Closing Date (the **Distribution Compliance Period**), beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in "Transfer Restrictions and Investor Representations" and "Subscription and Sale" and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Regulation S Global Note will bear a legend regarding such restrictions on transfer as described in "Transfer Restrictions and Investor Representations".

For so long as the Class A Notes are represented by Global Notes and the Clearing Systems so permit, the Class A1 Notes will be tradable only in the minimum authorised denomination of \$200,000 and integral multiples of \$1,000 in excess thereof and the Class A2 Notes and the Class A3 Notes, in each case, will be tradable only in the minimum authorised denomination of £100,000 and integral multiples of £1,000 in excess thereof.

### Payments on the Global Note

Payments in respect of principal, premium (if any) and interest in respect of any Global Note will be made only against presentation of such Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders in accordance with Condition 15 (Notice to Noteholders) for such purpose. Each payment of principal, premium or interest made in respect of a Global

Note will be recorded by the Clearing Systems in their records (which are the records each relevant Clearing System holds for its customers which reflect such customers' interest in the Notes) and such records shall be prima facie evidence that the payment in question has been made. No person appearing from time to time in the records of either of the Clearing Systems as the holder of a Note shall have any claim directly against the Issuer in respect of payments due on such Note while such Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the persons shown as the holder of the relevant Global Note in the register. The Issuer shall procure that each payment shall be entered *pro rata* in the records of the relevant Clearing Systems but any failure to make such entries shall not affect the discharge referred to above.

Payments will be made in respect of the Notes (with the exception of the Class A1 Notes) by credit or transfer to an account in sterling maintained by the payee with a bank in London.

Payments will be made in respect of the Class A1 Notes in dollars by credit or transfer to a dollar account maintained by the payee with a bank in London (in the case of a Regulation S Global Note) or New York City (in the case of a Rule 144A Global Note).

A holder shall be entitled to present a Global Note for payment only on a Presentation Date and shall not, except as provided in Condition 5 (Interest), be entitled to any further interest or other payment if a Presentation Date is after the due date.

#### **Information Regarding DTC, Euroclear and Clearstream, Luxembourg**

##### ***DTC***

DTC has advised the Issuer that it intends to follow the following procedures:

DTC will act as securities depository for the U.S. Global Notes. The U.S. Global Notes will be issued as securities registered in the name of Cede & Co.

DTC has advised the Issuer that it is a:

- (a) limited-purpose trust company organised under the laws of the State of New York;
- (b) banking organisation within the meaning of New York banking law;
- (c) member of the Federal Reserve System;
- (d) clearing corporation within the meaning of the New York Uniform Commercial Code; and
- (e) clearing agency registered under the provisions of Section 17A of the Exchange Act.

DTC holds securities for its participants and facilitates the clearance and settlement among its participants of securities transactions, including transfers and pledges, in deposited securities through electronic book-entry changes in its participants' accounts. This eliminates the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organisations. Indirect access to the DTC system is also available to others, including securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Transfers between participants on the DTC system will occur under DTC rules.

Purchases of Class A1 Notes under the DTC system must be made by or through DTC participants, which will receive a credit for the Class A1 Notes on DTC's records. The ownership interest of each actual beneficial owner is in turn to be recorded on the DTC participants' and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. However, beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC participant or indirect participant through which the beneficial owner entered into the transaction. Transfer of ownership interests in the U.S. Global Notes are to be accomplished by entries made on the books of DTC participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interest in Class A1 Notes unless use of the book-entry system for the Class A1 Notes described in this section is discontinued.

To facilitate subsequent transfers, all the U.S. Global Notes deposited with DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of these U.S. Global Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the ultimate beneficial owners of the Class A1 Notes. DTC's records reflect only the identity of the DTC participants to whose accounts the beneficial interests are credited, which may or may not be the actual beneficial owners of the Class A1 Notes. The DTC participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to DTC participants, by DTC participants to indirect participants, and by DTC participants and indirect participants to beneficial owners will be governed by arrangements among them and by any statutory or regulatory requirements in effect from time to time.

Redemption notices for the U.S. Global Notes will be sent to DTC. If less than all of those U.S. Global Notes are being redeemed by investors, DTC's practice is to determine by lot the amount of the interest of each participant in those U.S. Global Notes to be redeemed.

Neither DTC nor Cede & Co. will consent or vote on behalf of the U.S. Global Notes. Under its usual procedures, DTC will mail an omnibus proxy to the Issuer as soon as possible after the record date, which assigns the consenting or voting rights of Cede & Co. to those DTC participants to whose accounts the book-entry interests are credited on the record date, identified in a list attached to the proxy.

The Issuer understands that under existing industry practices, when the Issuer requests any action of Noteholders or when a beneficial owner desires to give or take any action which a Noteholder is entitled to give or take under the Trust Deed, DTC generally will give or take that action, or authorise the relevant participants to give or take that action, and those participants would authorise beneficial owners owning through those participants to give or take that action or would otherwise act upon the instructions of beneficial owners through them.

### ***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 Noteholders or if a Noteholder desires to give instructions or to take any action that a Noteholder 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 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 the 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 or 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. The redemption price payable in connection with the redemption 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. Any redemptions of the Global Note in part will be made by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such basis as DTC, 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.

## **Transfers and Transfer Restrictions**

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures

established by each Clearing System and its respective participants. See "General" above. All transfers of the Notes must comply with the transfer restrictions set forth under "Transfer Restrictions and Investor Representations".

Each Rule 144A Global Note will bear a legend substantially identical to that appearing under "Transfer Restrictions and Investor Representations", and the holder of any Rule 144A Global Notes or any Book-Entry Interest in such Rule 144A Global Notes shall undertake that it will not transfer such Rule 144A Notes or such interest except in compliance with the transfer restrictions set forth in such legend. A Book-Entry Interest in a Rule 144A Global Note of one Class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in a Regulation S Global Note of the same Class whether before or after the expiration of Distribution Compliance Period, only upon receipt by the Issuer of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act.

Each Regulation S Global Note will bear a legend substantially identical to that appearing under "Transfer Restrictions and Investor Representations". Prior to the expiration of the Distribution Compliance Period, a Book-Entry Interest in a Regulation S Global Note of one Class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same Class only upon receipt by the Issuer of written certification from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB purchasing for its own account or for an account or accounts as to which it exercises sole investment discretion and that such person and such account or accounts is a QIB in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Any Book-Entry Interest in a Regulation S Global Note of one Class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same Class will, upon transfer, cease to be represented by a Book-Entry Interest in such Regulation S Global Note and will become represented by a Book-Entry Interest in such Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Rule 144A Global Note for as long as it remains such a Book-Entry Interest. Any Book-Entry Interest in the Rule 144A Global Note of one Class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Regulation S Global Note of the same Class will, upon transfer, cease to be represented by a Book-Entry Interest in such Rule 144A Global Note and will become represented by a Book-Entry Interest in such Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Regulation S Global Note as long as it remains such a Book-Entry Interest.

### **Issuance of Definitive Notes**

If, while any of the Class A Notes are represented by a Global Note, (a) any of the Clearing Systems is 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 does in fact do so 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 Class A Notes which would not be required were such Class A Notes in definitive form, then the Issuer will issue Definitive Notes in exchange for such Global Note (free of charge to the persons entitled to them) within 30 days of the occurrence of the relevant event. The Conditions and the Transaction Documents will be amended in such manner as the Note Trustee and the Security Trustee require to take account of the issue of Definitive Notes.

Any Class A Notes issued in definitive form will be issued in definitive registered form in the denominations set out in the Conditions and will be subject to the provisions set forth under "Transfers and Transfer Restrictions" above.

### **Reports**

The Issuer will send to DTC, Euroclear and Clearstream, Luxembourg a copy of any notices, reports and other communications received relating to the Issuer, each Global Note or the Book-Entry Interests. In addition, so long as the Class A Notes are admitted to the Official List of Euronext Dublin and trading on its Regulated Market, any notice may also be published in accordance with the relevant rules and regulations of Euronext Dublin (which includes delivering a copy of such notice to Euronext Dublin). See also Condition 15 (Notice to Noteholders) of the Notes.

### **Eurosystem Eligibility**

The Class A Global Notes are intended to be held in a new safekeeping structure (**NSS**) in a manner which will allow Eurosystem eligibility. This means that such Notes are intended upon issue to be held by the Common Safekeeper in custody for Euroclear and Clearstream, Luxembourg and does not necessarily mean that such Notes will be recognised as eligible collateral for Eurosystem monetary 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.

### **Variable Funding Notes**

The Class Z VFN will be issued in dematerialised registered form and no certificate evidencing entitlement to the Class Z VFN will be issued. The Issuer will also maintain a register, to be kept on the Issuer's behalf by the Class Z VFN Registrar, in which the Class Z VFN will be registered in the name of the Class Z VFN Holder. Transfers of the Class Z VFN may be made only through the register maintained by the Issuer and are subject to the transfer restrictions set out in Condition 2.2 (Title).



## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions (the **Conditions** of the Notes and any reference to a **Condition** shall be construed accordingly) 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 \$300,000,000 Class A1 Mortgage-Backed Fixed Rate Notes due April 2069 (the **Class A1 Notes**), the £264,000,000 Class A2 Mortgage-Backed Floating Rate Notes due April 2069 (the **Class A2 Notes**), the £1,000,000,000 Class A3 Mortgage-Backed Floating Rate Notes due April 2069 (the **Class A3 Notes** and, together with the Class A1 Notes and the Class A2 Notes, the **Class A Notes**) and the up to £450,000,000 variable funded note due April 2069 (the **Class Z VFN**, and, together with the Class A Notes, the **Notes**), in each case, of Brass No.10 PLC (the **Issuer**) are constituted by a trust deed (the **Trust Deed**) dated on or about 30 March 2021 (the **Closing Date**) and made between, *inter alios*, the Issuer and U.S. Bank Trustees Limited as trustee for the Noteholders (in such capacity, the **Note Trustee**). Any reference in these terms and conditions (the **Conditions**) to a **Class** of Notes or of Noteholders shall be a reference to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class A Notes or the Class Z VFN, as the case may be, or to the respective holders thereof, in each case, except where the context otherwise requires.

The security for the Notes is constituted by and pursuant to a deed of charge and assignment (the **Deed of Charge**) dated on the Closing Date and made between, *inter alios*, the Issuer and U.S. Bank Trustees Limited as trustee for the Secured Creditors (in such capacity, the **Security Trustee**).

Pursuant to an agency agreement (the **Agency Agreement**) dated on the Closing Date and made between the Issuer, the Note Trustee, Elavon Financial Services DAC, UK Branch as principal paying agent (in such capacity, the **Principal Paying Agent**), U.S. Bank National Association as U.S. paying agent and DTC Custodian (in such capacities, the **U.S. Paying Agent** and **DTC Custodian**) the Principal Paying Agent, the U.S. Paying Agent and, together with any further or other paying agent appointed under the Agency Agreement, the **Paying Agents**), Yorkshire Building Society as Class Z VFN Registrar (in such capacity, the **Class Z VFN Registrar**), Elavon Financial Services DAC, UK Branch as registrar (in such capacity, the **Registrar**) and Elavon Financial Services DAC, UK 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.

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 the master definitions and construction schedule entered into by, *inter alios*, the Issuer, the Note Trustee and the Security Trustee on the Closing Date (the **Master Definitions and Construction Schedule**) and the other Transaction Documents (as defined therein).

Copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents are available for inspection and collection during normal business hours at the specified office for the time being of the Principal Paying Agent. 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.

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. These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

## 2. FORM, DENOMINATION AND TITLE

### 2.1 Form and Denomination

The Class A Notes initially offered and sold:

- (a) in the United States to "qualified institutional buyers" (**QIBs**) as defined in Rule 144A (**Rule 144A**) under the U.S. Securities Act of 1933, as amended (the **Securities Act**), in reliance on Rule 144A (the **Rule 144A Notes**), will be represented by one or more global notes in registered form (each, a **Rule 144A Global Note**) without interest coupons attached; and
- (b) outside the United States in "offshore transactions" (as defined in Regulation S under the Securities Act (**Regulation S**)) to persons who are not "U.S. persons" (as defined in Regulation S), in reliance on Regulation S (the **Regulation S Notes**), will initially be represented by one or more global notes in registered form (each, a **Regulation S Global Note**) without interest coupons attached.

Each Note will be issued in the following aggregate principal amount on issue:

- (i) \$300,000,000 for the Class A1 Notes;
- (ii) £264,000,000 for the Class A2 Notes;
- (iii) £1,000,000,000 for the Class A3 Notes; and
- (iv) £450,000,000 for the Class Z VFN.

The Rule 144A Global Notes representing the Class A1 Notes (the **U.S. Global Notes**) will be deposited on behalf of the beneficial owners with the DTC Custodian, the U.S. Paying Agent and registered in the name of Cede & Co. as nominee of, The Depository Trust Company (**DTC**) on or before the Closing Date. The Regulation S Global Notes representing the Class A1 Notes and the Global Notes representing the Class A2 Notes and the Class A3 Notes (together, the **Non-U.S. Global Notes**) will be recorded in the records of Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**) and will be deposited with a common safekeeper (the **Common Safekeeper**) for Euroclear and Clearstream, Luxembourg on or before the Closing Date (DTC, Euroclear and Clearstream, Luxembourg are together referred to as the **Clearing Systems**). Upon deposit of the Rule 144A Global Notes and the Regulation S Global Notes, the Clearing Systems credited each subscriber of Class A Notes with the principal amount of Class A Notes of the relevant Class equal to the aggregate principal amount thereof for which it had subscribed and paid. The expressions **Global Notes** and **Global Note** mean the relevant Rule 144A Global Notes and the relevant Regulation S Global Notes, as the context may require.

Interests in a Global Note will be transferable in accordance with the rules and procedures for the time being of the relevant Clearing System.

The Class Z VFN will be in dematerialised registered form.

For so long as the Class A Notes are represented by Global Notes and the Clearing Systems so permit, the Class A1 Notes will be tradable only in the minimum authorised denomination of \$200,000 and integral multiples of \$1,000 in excess thereof and the Class A2 Notes and the Class A3 Notes, in each case, will be tradable only in the minimum authorised denomination of £100,000 and integral multiples of £1,000 in excess thereof.

A Global Note will be exchanged for Class A Notes in definitive form (such exchanged Global Note, the **Definitive Notes**) (free of charge to the persons entitled to them) only if either of the following applies:

- (a) DTC, in the case of the Class A1 Notes sold in reliance on Rule 144A, and both of Euroclear and Clearstream, Luxembourg, in the case of the Class A1 Notes sold in reliance on Regulation S, the Class A2 Notes and the Class A3 Notes:
- (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 to permanently cease business (and do so cease to do business),
- 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 any of the Class A Notes which would not be required were such Class A Notes in definitive form.

If Definitive Notes are issued in respect of Class A Notes originally represented by a Global Note, the beneficial interests represented by the relevant Global Note shall be exchanged by the Issuer for the relevant Class of Notes in definitive form. The aggregate principal amount of the Definitive Notes shall be equal to the Principal Amount Outstanding 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 Global Note.

Definitive Notes (which, if issued, will be in the denomination set out below) will be serially numbered and will be issued in registered form without coupons attached.

Definitive Notes, if issued, in the case of the Class A2 Notes and the Class A3 Notes, will only be printed and issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof (or, in the case of the Class A1 Notes, \$200,000 and integral multiples of \$1,000 in excess thereof) up to and including £199,000 (or, in the case of the Class A1 Notes, \$499,000). No Definitive Notes will be issued with a denomination above £199,000 (or, in the case of the Class A1 Notes, \$499,000).

The Class Z VFN has a minimum denomination of £100,000 and may be issued and redeemed in integrals of £1,000. No certificate evidencing entitlement to the Class Z VFN will be issued. The Class Z VFN will be in dematerialised registered form.

The Class Z VFN will be issued on the Closing Date with a nominal principal amount of £450,000,000 and a Principal Amount Outstanding of which £243,908,000 will be subscribed for by YBS on the Closing Date. So long as the Class A Notes are outstanding, the Principal Amount Outstanding of the Class Z VFN shall not fall below 5% of the aggregate Current Balance of the Loans as at the Initial Portfolio Creation Date. If a further funding is made in respect of any of the Class Z VFN, the Class Z VFN Registrar shall record such increase in the Principal Amount Outstanding of the Class Z VFN in the register for the Class Z VFN (the **Class Z VFN Register**).

References to **Notes** in these Conditions shall include the Global Notes, the Class Z VFN and the Definitive Notes.

For the purposes of these Conditions, **outstanding** means, in relation to the Notes, all the Notes issued from time to time other than:

- (a) those Notes which have been redeemed in full and cancelled pursuant to the Conditions;
- (b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption monies (including all interest payable thereon) have been duly paid to the Note Trustee or to the Principal Paying Agent or the U.S. Paying Agent (as applicable) in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relevant Noteholders in accordance with these Conditions) and remain available for payment against presentation of the relevant Notes;
- (c) those Notes which have been cancelled in accordance with Condition 7.9 (Cancellation) of the Notes;
- (d) those Notes which have become void or in respect of which claims have become prescribed, in each case under Condition 9 (Prescription) of the Notes;
- (e) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 14 (Replacement of Notes) with respect to the Notes;
- (f) (for the purpose only of ascertaining the Principal Amount Outstanding or Sterling Equivalent Principal Amount Outstanding of the Notes then outstanding and without prejudice to the status for any other purpose of the relevant Note) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 14 (Replacement of Notes) with respect to the Notes; and
- (g) any Global Note to the extent that it shall have been exchanged for another Global Note in respect of the Notes of the relevant Class or for the Notes of the relevant Class in definitive form pursuant to its provisions,

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Noteholders of any Class or Classes, an Extraordinary Resolution in writing or an Ordinary Resolution in writing, a Written Resolution or an Electronic Consent as envisaged by paragraph 1 of Schedule 4 to the Trust Deed and any direction or request by the holders of Notes of any Class or Classes;
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Clauses 10.1 and 21.2 and Schedule 4 to the Trust Deed and Conditions 10 (Events of Default), 11 (Enforcement) and 12.6 (Additional Right of Modification) of the Notes;
- (iii) any discretion, power or authority (whether contained in the trust presents, or vested by operation of law) which the Security Trustee and/or the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders or any Class or Classes thereof; and

- (iv) the determination by the Note Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders or any Class or Classes thereof,

those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Seller, YBS, any holding company of any of them or any other Subsidiary of any such holding company, in each case, as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except, in the case of the Seller or YBS, any holding company of the Seller or YBS or any other Subsidiary of such holding company (the **Relevant Persons**) where all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case, such Class of Notes (the **Relevant Class of Notes**) shall be deemed to remain outstanding except that, if there is any other Class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such Class, then the Relevant Class of Notes shall be deemed not to remain outstanding.

**Subsidiary** means a subsidiary as defined in section 1159 of the Companies Act 2006.

## 2.2 **Title**

- (a) Title to the Global Notes or Definitive Notes shall pass upon registration of the transfer in the Register.
- (b) The person registered in the Register as the holder of any Class A Note will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Class A Note regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons who will be treated as the absolute owner of such Class A Note.
- (c) The Issuer shall cause to be kept at the specified office of the Registrar the register (the **Register**), on which shall be entered the names and addresses of the holders of the Class A Notes and the particulars of the Class A Notes held by them and of all transfers of the Class A Notes. No transfer of a Class A Note will be valid unless and until entered on the Registrar.
- (d) Ownership of interests in respect of the Global Notes will be limited to persons who have accounts with DTC, Euroclear and/or Clearstream, Luxembourg or persons who hold interests through such participants. Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC, Euroclear and Clearstream, Luxembourg and their participants. Beneficial interests in respect of Rule 144A Global Notes will be limited to persons who have accounts with DTC, Euroclear and/or Clearstream, Luxembourg or persons who hold interests through such participants and who are QIBs and have purchased such interest in accordance with, and reliance on, Rule 144A or have purchased such interest in accordance with the restrictions legended on the Rule 144A Global Notes. Beneficial interests in a Regulation S Global Note may not be held by a U.S. person at any time.

Title to a Class Z VFN shall only pass by and upon registration of the transfer in the Class Z VFN Register provided that no transferee shall be registered as a new Class Z VFN Holder unless (a) the prior written consent of the Issuer and (for so long as any Class A Notes are outstanding) the Note Trustee has been obtained (and the Note Trustee shall give its consent to such a transfer if the same has been sanctioned by an Extraordinary Resolution of the Class A Noteholders) and (b) such

transferee has certified to, *inter alios*, the Class Z VFN Registrar that it is (i) a person falling within paragraph 3 of Schedule 2A to the Insolvency Act 1986, (ii) independent of the Issuer within the meaning of regulation 2(1) of the Taxation of Securitisation Companies Regulations 2006 and (iii) a Qualifying Noteholder.

**Qualifying Noteholder** means:

- (a) a person which is beneficially entitled to interest in respect of the Class Z VFN and is:
  - (i) a company resident in the United Kingdom for United Kingdom tax purposes;
  - (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which will bring into account payments of interest in respect of the Notes in computing the chargeable profits (for the purposes of Section 19 of the Corporation Tax Act 2009 (the **CTA**)) of that company; or
  - (iii) a partnership each member of which is:
    - (A) a company resident in the United Kingdom; or
    - (B) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which will bring into account in computing its chargeable profits (for the purposes of Section 19 of the CTA) the whole of any share of a payment of interest in respect of the Notes that is attributable to it by reason of Part 17 of the CTA; or
- (b) a person which falls within any of the other descriptions in section 935 or 936 of the Income Tax Act 2007 (**ITA 2007**) and satisfies any conditions set out therein in order for the interest to be an excepted payment for the purposes of section 930 of the ITA 2007.

**Noteholders** means (i) the Class A1 Noteholders, the Class A2 Noteholders and the Class A3 Noteholders or (ii) the person(s) in whose name a Class Z VFN is registered in the Class Z VFN Register (or in the case of joint holders, the first named thereof).

**Class A Noteholders** means the Class A1 Noteholders, the Class A2 Noteholders and the Class A3 Noteholders.

**Class A1 Noteholders** means holders of the Class A1 Notes.

**Class A2 Noteholders** means holders of the Class A2 Notes.

**Class A3 Noteholders** means holders of the Class A3 Notes.

**Class Z VFN Holder** means holders of the Class Z VFN.

### **2.3 Transfer and Exchange**

- (i) Transfers of Rule 144A Global Notes

If the holder of a beneficial interest in a Rule 144A Global Note of one Class or sub-Class wishes at any time to transfer such interest, such transfer may be effected (i) to a person who wishes to take delivery thereof in the form of a beneficial interest in the Regulation S

Global Note of the same Class or sub-Class, subject to the rules and procedures of the relevant Clearing System, to the extent applicable (the **Applicable Procedures**), by the transferor giving a certificate to the Registrar in, or substantially in, the form set out in the Trust Deed (a **Regulation S Transfer Certificate**), (ii) to a transferee who takes delivery of such interest through a Rule 144A Global Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification or (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer and the Registrar of such satisfactory evidence as the Issuer or the Registrar may reasonably require, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. In the case of this paragraph (i), upon receipt by the Registrar of the relevant certificate given by the transferor, the Registrar shall present the Global Notes of the relevant Class or sub-Class to, or to the order of, the relevant Paying Agent which shall reduce the Principal Amount Outstanding of such Rule 144A Global Note and increase the Principal Amount Outstanding of the corresponding Regulation S Global Note by the principal amount of the beneficial interest in such Rule 144A Global Note to be transferred by annotation on the Register by the Registrar.

(ii) Transfers of Regulation S Global Notes during the Distribution Compliance Period

If the holder of a beneficial interest in a Regulation S Global Note of one Class or sub-Class wishes at any time during the Distribution Compliance Period to transfer such interest, such transfer may be effected (i) to a person who wishes to take delivery thereof in the form of a beneficial interest in the Rule 144A Global Note of the same Class or sub-Class, subject to the Applicable Procedures, by the transferor giving a certificate to the Registrar in, or substantially in, the form set out in the Trust Deed (a **Rule 144A Transfer Certificate**) or (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer and the Registrar of such satisfactory evidence as the Issuer or the Registrar may reasonably require, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. In the case of paragraph (i) above, upon receipt by the Registrar of the relevant certificate given by the transferor, the Registrar shall present the Global Note of the relevant Class or sub-Class to, or to the order of, the relevant Paying Agent, which shall reduce the Principal Amount Outstanding of such Regulation S Global Note and increase the Principal Amount Outstanding of such Rule 144A Global Note by the principal amount of the beneficial interest in such Regulation S Global Note to be so transferred by annotation on the Register by the Registrar.

(iii) Transfers of Regulation S Global Notes after the Distribution Compliance Period

If the holder of a beneficial interest in a Regulation S Global Note of one Class or sub-Class wishes at any time after the Distribution Compliance Period to transfer such interest, such transfer may be effected (i) to a person who wishes to take delivery thereof in the form of a beneficial interest in the Rule 144A Global Note of the same Class or sub-Class, such transfer may be effected, subject only to the Applicable Procedures or (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer and the Registrar of such satisfactory evidence as the Issuer or the Registrar may reasonably require, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. The Registrar shall present the Global Note of the relevant Class or sub-Class to, or to the order of, the relevant

Paying Agent, which shall reduce the Principal Amount Outstanding of such Regulation S Global Note and increase the Principal Amount Outstanding of such Rule 144A Global Note by the principal amount of the beneficial interest in such Regulation S Global Note to be so transferred.

- (iv) Closed Periods

Class A Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Class A Notes.

### **3. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY**

#### **3.1 Status and relationship between the Notes**

- (a) The Class A1 Notes, the Class A2 Notes and the Class A3 Notes are direct, secured and (subject to the limited recourse provision in Condition 11 (Enforcement)) unconditional obligations of the Issuer. Payments on each Class of Notes will be made equally among all Notes of that Class.
- (b) Priority Interest and Principal of the Class A Notes
  - (i) The Issuer will, in accordance with the Pre-Acceleration Revenue Priority of Payments or, as the case may be, the Post-Acceleration Priority of Payments, make payments of interest on the Class A Notes (to be applied *pro rata* and *pari passu* between the Class A1 Notes, the Class A2 Notes and the Class A3 Notes) ahead of payments of interest on the Class Z VFN.
  - (ii) In accordance with the Pre-Acceleration Principal Priority of Payments, on each Interest Payment Date:
    - (A) repayments of principal in respect of the Class A1 Notes will be made in an amount up to the Class A1 Target Amortisation Amount in accordance with item (b) of the Pre-Acceleration Principal Priority of Payments;
    - (B) repayments of principal in respect of the Class A2 Notes will be made in an amount up to the Class A2 Target Amortisation Amount in accordance with item (c) of the Pre-Acceleration Principal Priority of Payments; and
    - (C) subject, following the Class A1 Sterling Equivalent Redemption Date, to payments of principal on the Class A1 Notes, repayments of principal in respect of the Class A3 Notes will be made in an amount up to the Class A3 Target Amortisation Amount in accordance with item (e) of the Pre-Acceleration Principal Priority of Payments.
- (c) The Class Z VFN constitutes direct, secured and (subject as provided in Condition 16 (Subordination by Deferral) and the limited recourse provisions in Condition 11 (Enforcement)) unconditional obligations of the Issuer. The Class Z VFN ranks junior to the Class A Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class Z VFN Holder will be subordinated to the interests of the Class A Noteholders (so long as any Class A Notes remain outstanding).
- (d) The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the Noteholders equally as regards all rights, powers, trusts, authorities, duties



and discretions of the Note Trustee (except where expressly provided otherwise) but requiring the Note Trustee in any such case to have regard only to the interests of the Class A Noteholders if, in the Note Trustee's opinion, there is a conflict between the interests of the Class A Noteholders and those of the Class Z VFN Holder.

As long as the Notes are outstanding but subject to Conditions 12.5 (Modification) and 12.6 (Additional Right of Modification), the Security Trustee shall not have regard to the interests of the other Secured Creditors.

- (e) The Trust Deed and the Deed of Charge contain provisions limiting the powers of the Class Z VFN Holder to request or direct the Note Trustee or the Security Trustee to take any action according to the effect thereof on the interests of the Class A Noteholders.
- (f) Except in certain circumstances set out in the Trust Deed and the Deed of Charge, there is no such limitation on the powers of the Class A Noteholders, the exercise of which will be binding on the Class Z VFN Holder.
- (g) For the purpose of these Conditions, **Controlling Class** means:
  - (i) the Class A Notes so long as any Class A Notes are outstanding (with the holders of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes acting or voting together as a single Class of Noteholders except as otherwise provided in these Conditions);
  - (ii) once the Class A1 Notes have been repaid, the Class A2 Notes and the Class A3 Notes so long as any Class A2 Notes and Class A3 Notes are outstanding (with the holders of the Class A2 Notes and the Class A3 Notes acting or voting together as a single Class of Noteholders except as otherwise provided in these Conditions);
  - (iii) once the Class A1 Notes and the Class A2 Notes have been repaid, the Class A3 Notes so long as any Class A3 Notes are outstanding; and
  - (iv) after the Class A Notes have been repaid in full, the Class Z VFN.
- (h) For the purposes of determining the Controlling Class, as set out in Condition 2.1 (Form and Denomination), those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Seller, YBS, any holding company of any of them or any other Subsidiary of any such holding company, in each case, as beneficial owner shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except, in the case of any Relevant Persons where all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons as set out in Condition 2.1 (Form and Denomination).

### **3.2 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.

#### 4. COVENANTS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under 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 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:** transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (d) **Equitable 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 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 or give any guarantee in respect of any financial indebtedness or of any other obligation of any person;
- (g) **Merger:** consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety 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 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 Bank Accounts (including any additional collateral account(s)), unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (j) **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;

- (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 (SI 2006/3296) (as amended);
- (l) **Class Z VFN:** so long as the Class A Notes are outstanding, allow the Principal Amount Outstanding of the Class Z VFN to be less than 5% of the aggregate Current Balance of the Loans as at the Initial Portfolio Creation Date; or
- (m) **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.

## 5. INTEREST

### 5.1 *Interest Accrual*

Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (or, in the case of the redemption of part only of a Class A Note, that part only of such Class A Note) will cease to bear interest from and including the due date for redemption unless, upon due presentation in accordance with Condition 6 (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.

### 5.2 *Interest Payment Dates*

The first Interest Payment Date will be the Interest Payment Date falling on 16 April 2021.

Interest will be payable quarterly in arrears on the 16th day of January, April, July and October of each year or, if such day is not a Business Day, on the immediately succeeding Business Day.

In these Conditions, **Interest Period** shall mean the period from (and including) an Interest Payment Date (except in the case of the first Interest Period for the Notes, where it shall mean the period from (and including) the Closing Date) to (but excluding) the next succeeding (or first) Interest Payment Date.

### 5.3 *Rate of Interest*

- (a) The rate of interest payable from time to time in respect of each class of the Notes (each a **Rate of Interest** and together the **Rates of Interest**) will be determined on the basis of the following provisions:

with respect to the Class A1 Notes:

- (i) prior to the Step-Up Date, the Rate of Interest for the relevant interest period shall be 0.669%; or
- (ii) following the Step-Up Date:
  - (A) the Agent Bank will determine the Compounded Daily SOFR (as defined below) at approximately 1.00 p.m. (London time) on that Interest Determination Date;

- (B) the Rate of Interest for the relevant Interest Period shall be the Compounded Daily SOFR determined as at the related Interest Determination Date plus the Relevant Margin; and

with respect to the Notes (other than the Class A1 Notes):

- (iii) the Agent Bank will determine the Compounded Daily SONIA (as defined below) at approximately 11.00 a.m. (London time) on that Interest Determination Date;
- (iv) the Rate of Interest for the relevant Interest Period shall be the Compounded Daily SONIA determined as at the related Interest Determination Date plus the Relevant Margin; and

subject to paragraphs (ii) and (iv) above, in the event that the Rate of Interest cannot be determined in accordance with the provisions of these Conditions by the Agent Bank (or such other party responsible for the calculation of the Rate of Interest), the Rate of Interest shall be (i) 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 such 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) the Interest Commencement Date (but applying the Relevant Margin applicable to the first Interest Period),

provided further that, on the occurrence of the events described in Conditions 12.6(j)(i)(A)(V) to (VII) (the **Relevant Time**), the Issuer (acting on the advice of the Cash Manager) shall, without undue delay, use commercially reasonable endeavours to propose an Alternative Base Rate in accordance with Condition 12.6(j) (the **Relevant Condition**). For the avoidance of doubt, if an Alternative Base Rate proposed by or on behalf of the Issuer (including any Alternative Base Rate which was proposed prior to the Relevant Time pursuant to the Relevant Condition) has failed to be implemented in accordance with the Relevant Condition as a result of Noteholder objections to the modification, the Issuer shall not be obliged to propose an Alternative Base Rate under this Condition 5.3(a).

The minimum Rate of Interest shall be zero. There will be no maximum Rate of Interest.

- (b) The margin on the Class A Notes changes from (and includes) the Interest Payment Date falling in April 2026 (the **Step-Up Date**).
- (c) In these Conditions (except where otherwise defined), the expression:
  - (i) **Business Day** means a day (other than a Saturday or a Sunday) on which banks are generally 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 (or such other party responsible for the calculation of the Rate of Interest) on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{\text{SONIA}_{i-5\text{LBD}} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

- d** is the number of calendar days in the relevant Interest Period;
- d<sub>o</sub>** is the number of Business Days in the relevant Interest Period;
- i** is a series of whole numbers from one to d<sub>o</sub>, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period;
- LBD** means Business Day;
- n<sub>i</sub>** for any day **i**, means the number of calendar days from and including such day **i** up to but excluding the following Business Day;

**SONIA<sub>i-5LBD</sub>** means, in respect of any Business Day falling in the relevant SONIA Observation Period, the SONIA Reference Rate for the Business Day falling five Business Days prior to the relevant Business Day **i**; and

**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 Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately following such Business Day).

If, in respect of any Business Day in the relevant SONIA Observation Period, the Agent Bank (or such other party responsible for the calculation of the Rate of Interest) determines that the SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at close of business on the relevant 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;

**SONIA Observation Period** means the period from and including the date falling five Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling five Business Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five Business Days prior to any other date on which a payment of interest is to be made in respect of the relevant Notes);

- (iii) **Compounded Daily SOFR** means, in respect of any Interest Period, the rate of return of a daily compound interest investment (with the daily SOFR Reference Rate as the reference rate for the calculation of interest) and will be calculated by the Agent Bank on the related Interest Determination Date, as follows, and the resulting

percentage will be rounded, if necessary, to the nearest 0.0001 per cent., with 0.00005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SOFR_{i-5NYBD} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

- d** means the number of calendar days in the relevant Interest Period;
- d<sub>0</sub>** means the number of New York Business Days in the relevant Interest Period;
- i** means a series of whole numbers from 1 to d<sub>0</sub>, each representing the relevant New York Business Day in chronological order from, and including, the first New York Business Day in the relevant Interest Period;
- n<sub>i</sub>** means, for any New York Business Day "i", the number of calendar days from, and including, such New York Business Day "i" up to, but excluding, the following New York Business Day;

**New York Fed's Website** means the website of the Federal Reserve Bank of New York currently at <https://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York, or such other Relevant Screen Page as displays the SOFR Reference Rate;

**NYBD** means New York Business Day;

**SOFR Reference Rate** means, in respect of any New York Business Day, a reference rate equal to the daily Secured Overnight Financing Rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Fed's Website, in each case on or about 5:00 p.m. (New York City Time) on the New York Business Day immediately following such New York Business Day; and

**SOFR<sub>i-5NYBD</sub>** means, in respect of any New York Business Day falling in the relevant Interest Period, the SOFR Reference Rate for the New York Business Day falling five New York Business Days prior to the relevant New York Business Day i;

**provided that** each reference to "New York Business Day" in the definitions of d<sub>0</sub> " and "n<sub>i</sub>", and the first and last references to "New York Business Day" in the definition of " SOFR<sub>i-5NYBD</sub> ", shall be deemed to include the first day and the last day of the relevant Interest Period, even if (in either case) it is not a New York Business Day;

**Dollar Reference Rate** means, on any date of determination, the floating rate determined by the Agent Bank by reference to the Compounded Daily SOFR on such date, provided that:

- (A) if, in respect of any relevant New York Business Day, the Agent Bank determines that the SOFR Reference Rate is not available on the Screen and has not otherwise been published by the relevant authorised

distributors, such SOFR Reference Rate shall be the SOFR Reference Rate for the first preceding New York Business Day on which the SOFR Reference Rate was published on the New York Fed's Website;

- (B) notwithstanding paragraph (A) above, in the event the Federal Reserve Board and/or the Federal Reserve Bank of New York or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purposes of recommending a replacement for SOFR publishes guidance as to: (i) how the SOFR Reference Rate is to be determined; or (ii) any rate that is to replace the SOFR Reference Rate, the Agent Bank shall, subject to receiving written instructions from the Issuer (or the Cash Manager on behalf of the Issuer) and to the extent that it is reasonably practicable, follow such guidance in order to determine  $\text{SOFR}_{t-5\text{NYBD}}$ , for so long as the SOFR Reference Rate is not available on the Relevant Screen Page and has not otherwise been published by the authorised distributors; and
- (C) in the event that the Compounded Daily SOFR cannot be determined by the Agent Bank, the Compounded Daily SOFR shall be determined as if references to the SOFR Reference Rate were to: (i) the Overnight Bank Funding Rate published on the New York Fed's Website for any date of determination; or (ii) if the Overnight Bank Funding Rate ceases, the short-term interest rate target set by the Federal Open Market Committee and published on the Federal Reserve's Website or, if the Federal Open Market Committee has not set a single rate, the mid-point of the short-term interest rate target range set by the Federal Open Market Committee and published on the Federal Reserve's Website (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range).

**Federal Reserve's Website** means the website of the Board of Governors of the Federal Reserve System at <https://www.federalreserve.gov>, or any successor website of the Board of Governors of the Federal Reserve System (including any Relevant Screen Page on which the relevant information is displayed).

**New York Business Day** means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (or successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. Government Securities or, if paragraph (c) of the definition of "Dollar Reference Rate" applies, any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City.

- (iv) **Relevant Margin** means, in respect of each Class of the Notes, the following percentage per annum:
  - (A) in respect of the Class A1 Notes, on and after the Step-Up Date, 1.14% per annum;
  - (B) in respect of the Class A2 Notes, prior to the Step-Up Date, 0.33% per annum and on and after the Step-Up Date, 0.66% per annum;

- (C) in respect of the Class A3 Notes, prior to the Step-Up Date, 0.45% per annum and on and after the Step-Up Date, 0.90% per annum; and
- (D) in respect of the Class Z VFN, 0% per annum;
- (v) **Relevant Screen Page** means
  - (A) in relation to the SONIA Reference Rate, the Reuters Screen SONIA Page or any other screen page as specified by the Issuer (or any replacement thereto);
  - (B) in relation to the SOFR Reference Rate, the New York Fed's Website or any other screen page as specified by the Issuer (or any replacement thereto);
- (vi) **Interest Commencement Date** means the Closing Date; and
- (vii) **Interest Determination Date** means in relation to:
  - (A) the Class A1 Notes following the Step-Up Date, the fifth New York Business Day before the Interest Payment Date for which the rate will apply;
  - (B) the Notes (other than the Class A1 Notes) the fifth Business Day before the Interest Payment Date for which the rate will apply.

#### 5.4 ***Determination of Rates of Interest and Interest Amounts***

The Agent Bank shall, as soon as practicable after 11.00 a.m. (London time) on each Interest Determination Date but in no event later than the third Business Day thereafter, determine the amount (the **Interest Amounts**), in respect of the Notes, 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 be determined, (A) in respect of the Notes (excluding the Class A1 Notes) by applying the relevant Rate of Interest to such Principal Amount Outstanding, multiplying the sum by the actual number of days in the Interest Period concerned divided by 365 and rounding the resulting figure downwards to the nearest penny and (B) in respect of the Class A1 Notes by (i) prior to the Step-Up Date, applying the relevant Rate of Interest to such Principal Amount Outstanding, multiplying the sum by the number of days in the period from (and including) the most recent Interest Payment Date for such Class A1 Notes (or, if none, the Interest Commencement Date) to (but excluding) the relevant Interest Payment Date for such Class A1 Notes (such number of days being calculated on the basis of a year of 360 days with twelve 30-day months) divided by 360 and rounding the resulting figure downwards to the nearest penny; and (ii) following the Step-Up Date, applying the relevant Rate of Interest to such Principal Amount Outstanding, multiplying the sum by the actual number of days in the Interest Period concerned divided by 360 and rounding the resulting figure downwards to the nearest penny.

#### 5.5 ***Publication of Rates of Interest and Interest Amounts***

The Agent Bank shall cause the Rates of Interest and the Interest Amounts for each Interest Period and each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Note Trustee, the Class Z VFN 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 15 (Notice to Noteholders) as soon as possible after their determination and in no event later than the second Business Day thereafter. The Interest Amounts and the 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.

**5.6 *Determination by the Note Trustee***

The Note Trustee may (but shall not be obliged to), without liability therefor, if the Agent Bank defaults at any time in its obligation to determine the Rates of Interest and Interest Amounts in accordance with the above provisions and the Note Trustee has been notified of this default by the Cash Manager, determine or cause to be determined the Rates of Interest and Interest Amounts, the Rates of Interest at such rates as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances in the manner provided in Condition 5.4 (Determination of Rates of Interest and Interest Amounts). In each case, the Note Trustee may, at the expense of the Issuer, employ an expert to make the determination and any such determination shall be deemed to be determinations made by the Agent Bank.

**5.7 *Notifications, etc. 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 5, whether by the Agent Bank, the Cash Manager or the Note Trustee, will (in the absence of wilful default, gross negligence or fraud) be binding on the Issuer, the Cash Manager, the Note Trustee, the Agent Bank, the Class Z VFN 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, the Class Z VFN Registrar 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 5.

**5.8 *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, and the Issuer may, subject to the prior written approval of the Note Trustee, terminate the appointment of the Agent Bank. 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 Rates of Interest and the Interest Amounts for any Interest Period, the Issuer shall, 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. Subject to the detailed provisions of the Agency Agreement, the Agent Bank may not resign its duties or be removed without a successor having been appointed.

**5.9 *Determinations and Reconciliation***

- (a) In the event that the Cash Manager does not receive any Servicer Report due during a Collection Period (the **Determination Period**), then the Cash Manager may use the Servicer Reports in respect of the three most recent Collection Periods (or, where there are not at least three such previous Servicer Reports, any previous such Servicer Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in this Condition 5.9. If and when the Cash Manager ultimately receives the Servicer Report relating to the relevant Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 5.9(c). Any: (i) calculations properly done on the basis of such estimates in accordance with Conditions 5.9(b) and/or 5.9(c); (ii) payments made under any of the Notes 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 Conditions 5.9(b)

and/or 5.9(c), shall (in any case) be deemed to be done, 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:
- (i) determine the Interest Determination Ratio by reference to the three most recent Servicer Reports (or, where there are not at least three such previous Servicer Reports, any previous such Servicer Reports);
  - (ii) calculate the Revenue Receipts for such Determination Period as the product of (i) the Interest Determination Ratio and (ii) all collections received by the Issuer during such Determination Period (the **Calculated Revenue Receipts**); and
  - (iii) calculate the Principal Receipts for such Determination Period as the product of (i) one minus the Interest Determination Ratio and (ii) all collections received by the Issuer during such Determination Period (the **Calculated Principal Receipts**).
- (c) Following any Determination Period, upon receipt by the Cash Manager of the Servicer Reports in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 5.9(b)(i) to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amount 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 Principal 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 Principal Ledger, as Available Revenue Receipts (with a corresponding debit of the Principal Ledger),

*provided that* the Cash Manager shall apply such Reconciliation Amount in determining Available Revenue Receipts and Available Principal 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.

- (d) In this Condition 5.9, the expression:

**Interest Determination Ratio** means (i) the aggregate Revenue Receipts calculated in the three previous Servicer Reports (or where there are not at least three previous such Servicer Reports, the relevant previous Servicer Reports used by the Cash Manager pursuant to Condition 5.9(b)(i)) divided by (ii) the aggregate of all Revenue Receipts and all Principal Receipts calculated in such Servicer Reports;

**Reconciliation Amount** means, in respect of any Collection Period which is a Determination Period, (i) the actual Principal Receipts as determined in accordance with the available Servicer Reports, less (ii) the Calculated Principal Receipts in respect of such Collection Period plus (iii) any Reconciliation Amount not applied in previous Collection Periods; and

**Servicer Report** means a report to be provided by the Servicer on or prior to each Monthly Pool Date and detailing the information relating to the Portfolio necessary to produce the Investor Report.

## **6. PAYMENTS**

### **6.1 *Payment of Interest and Principal***

Payments in respect of principal, premium (if any) and interest in respect of any Global Note will be made only against presentation of such Global Note to or to the order of the Principal Paying Agent or the U.S. Paying Agent (as applicable) (or the Class Z VFN Registrar in respect of the Class Z VFN) or such other Paying Agent as shall have been notified to the Noteholders in accordance with Condition 15 (Notice to Noteholders) for such purpose. Each payment of principal, premium or interest made in respect of a Global Note will be recorded by the Clearing Systems in their records (which are the records each relevant Clearing System holds for its customers and reflect such customers' interest in the Notes) and such records shall be prima facie evidence that the payment in question has been made. No person appearing from time to time in the records of either of the Clearing Systems as the holder of a Note shall have any claim directly against the Issuer in respect of payments due on such Note while such Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the persons shown as the holder of the relevant Global Note in the Register. The Issuer shall procure that each payment shall be entered *pro rata* in the records of the relevant Clearing System, but any failure to make such entries shall not affect the discharge referred to above.

Payments will be made in respect of the Notes (with the exception of the Class A1 Notes) by credit or transfer to an account in sterling maintained by the payee with a bank in London.

Payments will be made in respect of the Class A1 Notes in dollars by credit or transfer to a dollar account maintained by the payee with a bank in London (in the case of a Regulation S Global Note) or New York City (in the case of the Rule 144A Global Note).

Each payment in respect of a Note will be made to the person shown as the Noteholder in the Register at the opening of business in the place of the Registrar's specified office (i) where the Notes are in global registered form, on the day prior to the relevant Interest Payment Date and (ii) where the Notes are in definitive registered form, on the day falling 15 days prior to the relevant Interest Payment Date.

### **6.2 *Laws and Regulations***

Payments of principal and interest in respect of the Notes are subject, in all cases, to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction and (ii) 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, official interpretations thereof, or any law implementing an intergovernmental approach thereto. Noteholders will not be charged commissions or expenses on payments.

### **6.3 *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 5.1 (Interest Accrual) and Conditions 5.3(a) and 5.3(b) will be paid, in respect of a Global Note, as described in Condition 6.1 (Payment of Interest and Principal) and, in respect of any Definitive Note, in accordance with this Condition 6.

#### **6.4 Change of Paying Agents**

Subject to the detailed provisions of the Agency Agreement, 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, the Registrar, the DTC Custodian, the U.S. Paying Agent or the Class Z VFN Registrar and to appoint additional or other agents; provided that:

- (a) there will at all times be a person appointed to perform the obligations of the Principal Paying Agent and the U.S. Paying Agent; or
- (b) there will at all times be at least one Paying Agent (who may be the Principal Paying Agent) having its specified office in such place as may be required by the rules and regulations of the relevant stock exchange and competent authority.

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 Principal Paying Agent, the Registrar, the DTC Custodian, the U.S. Paying Agent or the Class Z VFN Registrar or their specified offices to be given to the Noteholders in accordance with Condition 15 (Notice to Noteholders) and will notify the Rating Agencies of such change or addition.

#### **6.5 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 in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. In this Condition 6.5, 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.

#### **6.6 Partial Payment**

If the Class Z VFN Registrar (in respect of the Class Z VFN) makes a partial payment in respect of the Class Z VFN, the Class Z VFN Registrar will, in respect of the Class Z VFN, annotate the Class Z VFN Register, indicating the amount and date of such payment.

#### **6.7 Payment of Interest**

If interest is not paid in respect of the Class Z VFN on the date when due and payable (other than because the due date is not a Presentation Date as defined in Condition 6.5 (No Payment on non-Business Day)) or by reason of non-compliance by the Noteholder with Condition 6.1 (Payment of Interest and Principal) or where interest is deferred in accordance with Condition 16 (Subordination by Deferral), then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such Class Z VFN until such interest and interest thereon are available for payment and notice thereof has been duly given in accordance with Condition 15 (Notice to Noteholders).

### **7. REDEMPTION**

#### **7.1 Redemption at Maturity**

Unless previously redeemed in full or purchased and cancelled as provided below, the Issuer will redeem:

- (a) the Class A1 Notes at their respective Principal Amount Outstanding on the Interest Payment Date falling in April 2069;

- (b) the Class A2 Notes at their respective Principal Amount Outstanding on the Interest Payment Date falling in April 2069;
- (c) the Class A3 Notes at their respective Principal Amount Outstanding on the Interest Payment Date falling in April 2069; and
- (d) the Class Z VFN at its Principal Amount Outstanding on the Interest Payment Date falling in April 2069.

## 7.2 **Mandatory Redemption**

- (a) On each Interest Payment Date prior to the service of a Note Acceleration Notice, the Class A1 Notes, the Class A2 Notes and the Class A3 Notes shall, subject to Condition 7.4 (Optional Redemption of the Class A Notes in Full) and Condition 7.5 (Optional Redemption of the Class A Notes for Taxation or Other Reasons) and to the availability of Available Principal Receipts for such purpose in accordance with the Pre-Acceleration Principal Priority of Payments and drawings under the Class Z VFN (at the sole discretion of the Class Z VFN Holder and in the event there is a shortfall in Available Principal Receipts to pay the Class A Target Amortisation Amount), be redeemed in an amount equal to the Class A1 Target Amortisation Amount, the Class A2 Target Amortisation Amount or the Class A3 Target Amortisation Amount, as applicable, subject in the case of the Class A3 Notes and following the occurrence of the Class A1 Sterling Equivalent Redemption Date, to additional payments of principal on the Class A1 Notes until the Class A1 Notes have been redeemed in full.
- (b) On each Interest Payment Date following the occurrence of the Class A1 Sterling Equivalent Redemption Date, the Class A1 Notes shall be redeemed in an amount equal to the Available Principal Receipts available for such purpose in accordance with the Pre-Acceleration Principal Priority of Payments (subject to conversion into dollars). Prior to the service of a Note Acceleration Notice, the Class Z VFN shall, subject to Condition 4(l) and the availability of Available Principal Receipts and Available Revenue Receipts for the purpose in accordance with the Pre-Acceleration Principal Priority of Payments and the Pre-Acceleration Revenue Priority of Payments, be redeemed in accordance with the relevant Priority of Payments, as applicable.
- (c) With respect to each Class of 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 principal repayment due on the Interest Payment Date next following such Calculation Date, (ii) the Principal Amount Outstanding of each such Class of Note and (iii) in relation to the Class A Notes only, the fraction expressed as a decimal to the sixth point (the **Pool Factor**), of which the numerator is the Principal Amount Outstanding of that Note (as referred to in paragraph (ii) above) and the denominator, in the case of that Note, is the Principal Amount Outstanding of that Note on the Closing Date and the Pool Factor shall in each case (in the absence of wilful default, bad faith 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, in the case of the Class A Notes only, Pool Factor to be notified by not less than two Business Days prior to the relevant Interest Payment Date to the Note Trustee, the Security Trustee, the Principal Paying Agent, the U.S. Paying Agent, the Agent Bank, the Interest Rate Swap Provider, the Currency Swap Provider and (for so long as the Class A Notes are listed on the Official List of Euronext Dublin and admitted to trading on Euronext Dublin) Euronext Dublin, and will immediately cause notice of each such

determination to be given in accordance with Condition 15 (Notice to Noteholders) by not later than two Business Days prior to the relevant Interest Payment Date. If no principal repayment is due to be made on the Class A Notes on any Interest Payment Date, a notice to this effect will be given to the relevant Noteholders.

### **7.3 Termination of the Currency Swap Agreement**

If the original Currency Swap Agreement relating to the Class A1 Notes has been terminated, then, on each Interest Payment Date prior to the delivery of a Note Acceleration Notice:

(a) if, on such Interest Payment Date, the applicable amount of the Available Principal Receipts available under the Pre-Acceleration Principal Priority of Payments to repay principal of the Class A1 Notes in accordance with Condition 7.2 (Mandatory Redemption), following conversion into dollars at:

(i) if no replacement Currency Swap Agreement is in force, the Spot Rate (by the Cash Manager); or

(ii) if a replacement Currency Swap Agreement is in force, the relevant dollar/Sterling exchange rate under such Currency Swap Agreement,

is **less than** the amount that would have been payable (in dollars) by the original Currency Swap Provider in respect of principal if the original Currency Swap Agreement had not been terminated, the shortfall amounts (such amounts being **Principal Shortfall Amounts**) shall only be paid from any Principal Excess Amounts (as defined below) or in accordance with item (d) of the Pre-Acceleration Principal Priority of Payments (as set out below);

(b) if, on such Interest Payment Date, the applicable amount of the Available Principal Receipts available under the Pre-Acceleration Principal Priority of Payments to pay principal of the Class A1 Notes in accordance with Condition 7.2 (Mandatory Redemption), following conversion into dollars at:

(i) if no replacement Currency Swap Agreement is in force, the Spot Rate (by the Cash Manager); or

(ii) if a replacement Currency Swap Agreement is in force, the relevant dollar/Sterling exchange rate under such Currency Swap Agreement,

is **greater than** the amount that would have been payable (in dollars) by the original Currency Swap Provider in respect of principal if the original Currency Swap Agreement had not been terminated, the excess amounts (such amounts being **Principal Excess Amounts**) shall be used to pay any Principal Shortfall Amounts, with any excess being transferred to the Swap Excess Reserve Account (as defined below) for application (subject to the terms of the Transaction Documents) on subsequent Interest Payment Dates to pay any future Principal Shortfall Amounts; and

(c) if that Interest Payment Date falls on or following the Class A1 Sterling Equivalent Redemption Date:

(i) if the Class A1 Notes have not been redeemed in full, following application of any amounts held in the Swap Excess Reserve Account towards the redemption of the Class A1 Notes, any Principal Amount Outstanding of the Class A1 Notes shall only be paid subject to and in accordance with item (d) of the Pre-Acceleration Principal Priority of Payments; or

- (ii) if the Class A1 Notes have been redeemed in full, any amounts held in the Swap Excess Reserve Account (such amounts, the **Swap Excess Reserve Release Amount**) shall be transferred to the Transaction Account (after conversion into Sterling by the Cash Manager at the Spot Rate) and credited to the Principal Ledger for application in accordance with the Pre-Acceleration Principal Priority of Payments.

On or after the delivery of a Note Acceleration Notice or following the redemption of the Class A1 Notes, any Swap Excess Reserve Release Amount shall be transferred to the Transaction Account (after conversion into Sterling by the Cash Manager at the Spot Rate) and applied in accordance with the Post-Acceleration Priority of Payments.

#### 7.4 **Optional Redemption of the Class A Notes in Full**

- (a) On giving not more than 60 nor less than ten days' notice to (i) the Class A Noteholders, in accordance with Condition 15 (Notice to Noteholders), (ii) the Note Trustee, (iii) the Interest Rate Swap Provider and (iv) the Currency Swap Provider, the Issuer may redeem, on any Optional Redemption Date, all (but not some only) of the Class A Notes on such Optional Redemption Date provided that:
  - (i) on or prior to the Interest Payment Date on which such notice expires (the **Optional Redemption Date**), no Note Acceleration Notice has been served;
  - (ii) the Issuer has, immediately prior to giving such notice, certified to the Note Trustee that it will have the necessary funds to pay all principal and interest due in respect of the Class A Notes on the relevant Optional Redemption Date and to discharge all other amounts required to be paid in priority to or *pari passu* with all the Class A Notes on such Optional Redemption Date and, as the case may be, on the immediately following Interest Payment Date (such certification to be provided by way of certificate signed by two directors of the Issuer) (and, for the avoidance of doubt, the order of priority shall be as set out in the Pre-Acceleration Principal Priority of Payments and (as applicable) the Pre-Acceleration Revenue Priority of Payments); and
  - (iii) the Optional Redemption Date is (A) the Interest Payment Date falling in April 2026 or any Interest Payment Date thereafter or (B) any Interest Payment Date on which the aggregate Sterling Equivalent Principal Amount Outstanding of the Class A Notes is equal to or less than 10% of the Current Balance of the Loans in the Portfolio on the Initial Portfolio Creation Date.
- (b) Any Class A Note redeemed pursuant to Condition 7.4(a) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Class A Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Class A Note up to, but excluding, the Optional Redemption Date.

#### 7.5 **Optional Redemption of the Class A Notes 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 Class A Notes (other than because the relevant

holder has some connection with the United Kingdom other than the holding of such Class A 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 subdivision 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, on or before the next Interest Payment Date the Issuer, the Interest Rate Swap Provider or the Currency Swap Provider would be required to deduct or withhold from any payment under an Interest Rate Swap Transaction or a Currency Swap Transaction, as applicable, any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature,

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 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 Class A 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 Class A Noteholders (and in making such determination, the Note Trustee may rely, without further investigation or enquiry, on confirmation from the Rating Agencies that such substitution will not have an adverse effect on the then current rating of the Class A Notes) 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, provided further that if any taxes referred to in this Condition 7.5 arise in connection with FATCA, the requirement to avoid the effect of any event described in paragraph (a) or (b) above shall not apply.

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, then the Issuer may, on any Interest Payment Date and having given not more than 60 nor less than 30 days' notice to the Note Trustee, the Interest Rate Swap Provider, the Currency Swap Provider and the Class A Noteholders in accordance with Condition 15 (Notice to Noteholders), redeem all (but not some only) of the Class A Notes at their respective Principal Amount Outstanding together with any interest accrued (and unpaid) thereon up to (but excluding) the date of redemption provided that (in either case), prior to giving any such notice, the Issuer shall have provided to the Note Trustee (a) a certificate signed by two directors of the Issuer (i) stating that one or more of the circumstances referred to in paragraph (a) or (b) above prevail(s), (ii) setting out details of such circumstances and (iii) confirming 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 and (b) an opinion in form and substance satisfactory to the Note Trustee of independent legal advisers of recognised standing to the effect that the Issuer, the Paying Agents, an Interest Rate Swap Provider or a Currency Swap Provider have or will become obliged to deduct or withhold amounts as a result of such change. The Note Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in the paragraph immediately above, in which event they shall be conclusive and binding on the all Noteholders and the Secured Creditors.

The Issuer may only redeem the Class A Notes as described above if the Issuer has certified to the Note Trustee that it will have the necessary funds, not subject to the interest of any other person, required to redeem the Class A Notes as aforesaid and any amounts required under the Pre-



Acceleration Revenue Priority of Payments to be paid in priority to or *pari passu* with the Class A Notes outstanding in accordance with the Conditions, such certification to be provided by way of a certificate signed by two directors of the Issuer.

#### 7.6 **Principal Amount Outstanding**

The **Principal Amount Outstanding**:

- (a) in respect of the Class A1 Notes on any date shall be their original principal amount of \$300,000,000 less the aggregate amount of all principal payments in respect of such Class A1 Notes which have been made since the Closing Date;
- (b) in respect of the Class A2 Notes on any date shall be their original principal amount of £264,000,000 less the aggregate amount of all principal payments in respect of such Class A2 Notes which have been made since the Closing Date;
- (c) in respect of the Class A3 Notes on any date shall be their original principal amount of £1,000,000,000 less the aggregate amount of all principal payments in respect of such Class A3 Notes which have been made since the Closing Date; and
- (d) in respect of the Class Z VFN shall be, as at a particular day (the **Reference Date**), the total principal amount of all drawings under the Class Z VFN on and since the Closing Date less the aggregate amount of all principal payments in respect of such Class Z VFN which have been made since the Closing Date and not later than the Reference Date (such amounts to be notified in writing by the Class Z VFN Registrar to the Principal Paying Agent and any other Paying Agents).

#### 7.7 **Notice of Redemption**

Any such notice as is referred to in Condition 7.4 (Optional Redemption of the Class A Notes in Full) or Condition 7.5 (Optional Redemption of the Class A Notes for Taxation or Other Reasons) 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 Condition 7.4 (Optional Redemption of the Class A Notes in Full) or Condition 7.5 (Optional Redemption of the Class A Notes for Taxation or Other Reasons) may be relied on by the Note Trustee without further investigation and, if so relied on, shall be conclusive and binding on the Noteholders.

#### 7.8 **No Purchase by the Issuer**

The Issuer will not be permitted to purchase any of the Notes.

#### 7.9 **Cancellation**

All Notes (other than the Class Z VFN) redeemed in full will be cancelled upon redemption and may not be resold or re-issued.

On each Interest Payment Date on which the Class Z VFN is redeemed pursuant to Condition 7.2 (Mandatory Redemption), the Class Z VFN Registrar shall cancel the Class Z VFN in an amount equal to such mandatory redemption, thereby reducing the nominal principal amount of the Class Z VFN by an amount equal to such mandatory redemption.

Each Class Z VFN will be cancelled when redeemed in full after the Class Z VFN Commitment Termination Date and may not be resold or re-issued once cancelled.

## 8. 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, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**), unless the withholding or deduction of the Taxes is required by applicable law, or in connection with FATCA. In that event, subject to Condition 7.5 (Optional Redemption of the Class A Notes for Taxation or Other Reasons), the Issuer or, as the case may be, the relevant Paying Agent or the Class Z VFN Registrar 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. None of the Issuer, the Class Z VFN Registrar, any Paying Agent or any other person shall be obliged to make any additional payments to the Noteholders in respect of such withholding or deduction.

**FATCA** means Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto.

## 9. 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 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 U.S. Paying Agent (as applicable) or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Noteholders in accordance with Condition 15 (Notice to Noteholders).

## 10. EVENTS OF DEFAULT

### 10.1 *Class A Notes*

The Note Trustee at its absolute discretion may, and if so directed in writing by the holders of not less than 25% in aggregate Sterling Equivalent Principal Amount Outstanding of the Controlling Class then outstanding or if so directed by an Extraordinary Resolution of the Controlling Class shall, (subject to being indemnified and/or secured and/or prefunded to its satisfaction) give a notice (a **Note Acceleration 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 as provided in the Trust Deed, in any of the following events (each, an **Event of Default**):

- (a) if default is made in the payment of any principal or interest due in respect of the Class A Notes (other than a failure to redeem the Class A1 Notes up to the Class A1 Target Amortisation Amount or the Class A2 Notes up to the Class A2 Target Amortisation Amount or the Class A3 Notes up to the Class A3 Target Amortisation Amount on the relevant Interest Payment Date pursuant to Condition 7.2(a)) and the default continues for a period of (i) seven days in the case of principal or (ii) 14 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 (except in any case where the Note Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 30 days (or such

longer period as the Note Trustee may permit) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; 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 Controlling Class then outstanding; or
- (d) if 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 Controlling Class then outstanding, or 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 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 (i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application to the court for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) or an administration order is granted or the appointment of an administrator takes effect or an administrative or other receiver, manager or other similar official is appointed, in relation to the Issuer or in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer takes possession of the whole or any part of the undertaking or assets of the Issuer, or a distress, diligence, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of the Issuer and (ii) in the case of any such possession or any such last-mentioned process, unless initiated by the Issuer, is not discharged or otherwise ceases to apply within 30 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 Class Z VFN**

This Condition 10.2 shall not apply as long as any Class A Note remains outstanding. Subject thereto, for so long as any Class Z VFN is outstanding, the Note Trustee shall if so directed by the sole Class Z VFN Holder or holders of all the Class Z VFN (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction), give a Note Acceleration Notice to the Issuer in any of the following events (each, an **Event of Default**):

- (a) if default is made in the payment of any principal or interest due in respect of the Class Z VFN and the default continues for a period of seven days in the case of principal or 14 days in the case of interest; or

- (b) if any of the Events of Default referred to in Conditions 10.1(b) to 10.1(f) occurs with references, where applicable, to the Controlling Class being read as to the Class Z VFN Holder.

### **10.3 General**

Upon the service of a Note Acceleration Notice by the Note Trustee in accordance with Condition 10.1 (Class A Notes) or Condition 10.2 (Class Z VFN), 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.

## **11. ENFORCEMENT**

### **11.1 General**

Each of the Note Trustee and the Security Trustee may, at any time, at its discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes or the Trust Deed (including these 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 a Note Acceleration Notice, the Security Trustee may, at its discretion and without notice, take such steps, actions and/or proceedings 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) subject in all cases to restrictions contained in the Trust Deed and the Deed of Charge to protect the interests of any higher ranking Class or Classes of Noteholders (including the provisions set out in Clause 10 and Schedule 4 of the Trust Deed), it shall have been so directed by (A) an Extraordinary Resolution of the Controlling Class or so directed in writing by the holders of at least 25% in aggregate Sterling Equivalent Principal Amount Outstanding of the Controlling Class then outstanding or (B) if there are no Notes then outstanding, all the other Secured Creditors; and
- (b) in all cases, it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

### **11.2 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, 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 Class A Noteholders (and all persons ranking in priority to the Class A Noteholders) or, once all of the Class A Noteholders have been repaid, to the Class Z VFN Holder (and all persons ranking in priority thereto) 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 (upon which advice the Security Trustee may rely absolutely without liability to any person), that the cashflow 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 Class A Noteholders (and all persons ranking in priority to the Class A Noteholders) or, once all of the Class A Noteholders have been repaid, to the Class Z VFN Holder (and all persons ranking in priority thereto). The fees and

expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer.

### **11.3 Limitations on Enforcement**

No Noteholder shall be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer.

Amounts available for distribution after enforcement of the Security shall be distributed in accordance with the terms of the Deed of Charge.

### **11.4 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 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 (including payments of principal, premium (if any), interest),

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal, premium (if any), 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 deemed to cease.

## **12. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

- 12.1 The Trust Deed contains provisions for convening meetings of the Noteholders of each sub-Class or Class and, in certain cases, more than one sub-Class or 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.
- 12.2 The Trust Deed provides that at least 21 days' and a maximum of 365 days' notice (exclusive of the day on which the notice is given and of the day of the meeting) of a proposed meeting shall be given to Noteholders. The notice shall, amongst other things, specify the day, time and place of the meeting, with such place to be a venue in the United Kingdom.
- 12.3 An Extraordinary Resolution (other than in relation to a Basic Terms Modification, which requires an Extraordinary Resolution of the relevant affected sub-Class, Class or Classes of Notes and subject to the more detailed provisions of the Trust Deed) passed at any meeting of the Class A Noteholders shall be binding on the Class Z VFN Holder irrespective of the effect upon it, subject to Condition 12.4 (Quorum).

In respect of the Class A Notes, the Trust Deed provides that:

- (a) a resolution which, in the sole opinion of the Note Trustee, affects the interests of the Noteholders of the Class A Notes of one sub-Class only shall be deemed to have been duly passed if passed at a meeting of the holders of the Class A Notes of that sub-Class;
- (b) a resolution which, in the sole opinion of the Note Trustee, affects the interests of the Noteholders of the Class A Notes of any two or more sub-Classes but does not give rise to a conflict of interest between the Noteholders of such two or more sub-Classes of Class A Notes, shall be deemed to have been duly passed if passed at a single meeting of the Noteholders of such two or more sub-Classes of Class A Notes; and
- (c) a resolution which, in the sole opinion of the Note Trustee, affects the interests of the holders of the Class A Notes of any two or more sub-Classes and gives or may give rise to a conflict of interest between the Noteholders of such two or more sub-Classes of Class A Notes, shall be deemed to have been duly passed only if it shall be passed at separate meetings of the Noteholders of such two or more sub-Classes of Class A Notes.

#### **12.4 Quorum**

- (a) Subject as provided below, the quorum at any meeting of the Class A Noteholders or any sub-Class thereof for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50% of the aggregate Sterling Equivalent Principal Amount Outstanding of the Class A Notes or such sub-Class then outstanding, or, at any adjourned meeting, one or more persons being or representing a Class A Noteholder, whatever the aggregate Sterling Equivalent Principal Amount Outstanding of the Class A Notes then outstanding held or represented by it or them.
- (b) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of the Class A Noteholders or any sub-Class thereof for passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of any 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 (except in accordance with Condition 12.6(j)), (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 (except in accordance with Condition 12.6(j)), (iv) alter the currency in which payments under the Notes are to be made, (v) alter the quorum or majority required in relation to this exception, (vi) sanction any scheme or proposal or substitution for the sale, conversion or cancellation of the Notes or (vii) alter any of the provisions contained in this exception (each, a **Basic Terms Modification**) shall be one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, not less than one-quarter of the aggregate Sterling Equivalent Principal Amount Outstanding of the Notes of such Class or sub-Class then outstanding and any Extraordinary Resolution in respect of such a modification shall only be effective if duly passed at a meeting of the Class A Noteholders or such sub-Class.

The Trust Deed and the Deed of Charge contain similar provisions in relation to directions in writing from the Noteholders upon which the Note Trustee or, as the case may be, the Security Trustee is bound to act.

#### **12.5 Modification**

Other than in respect of a Basic Terms Modification, the Note Trustee or, as the case may be, the Security Trustee, may agree with the Issuer and any other parties but without the consent of the

Noteholders or the other Secured Creditors (but, in the case of the Security Trustee only, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document):

- (a) to any modification, or to any waiver or authorisation of any breach or proposed breach, of these Conditions or any of the Transaction Documents which, in the opinion of the Note Trustee or, as the case may be, the Security Trustee, is not materially prejudicial to the interests of the Noteholders of any Class; or
- (b) to any modification to these Conditions or any of the Transaction Documents which, in the opinion of the Note Trustee or, as the case may be, the Security Trustee, is of a formal, minor or technical nature or to correct a manifest error,

provided that in respect of any modifications to any of the Transaction Documents which would (in the opinion of the relevant Swap Provider, which shall be confirmed in writing within 20 Business Days of the relevant Swap Provider receiving notice from the Issuer of such modifications to the Note Trustee and the Security Trustee prior to such modification) have: (A) the effect that immediately after such modification, the relevant Swap Provider would be reasonably required to pay more or receive less under the relevant Swap Agreement if the relevant Swap Provider (as applicable) were to replace itself as swap counterparty under the Interest Rate Swap Transaction or the Currency Swap Transaction (as applicable) than it would otherwise have been required to prior to such modification; or (B) the effect of altering the amount, timing or priority of any payments or deliveries due from the Issuer to the relevant Swap Provider or from such Swap Provider to the Issuer; or (C) a material adverse effect on the rights of the relevant Swap Provider under the Transaction Documents (including for the avoidance of doubt and without limitation, its rights and obligations under the relevant Swap Agreement and its regulatory treatment of the relevant Swap Agreement and the transactions thereunder), the prior written consent of such Swap Provider is required.

## **12.6 Additional Right of Modification**

Notwithstanding the provisions of Condition 12.5 (Modification), the Note Trustee and/or the Security Trustee (as the case may be) shall be obliged, without any consent or sanction of the Noteholders, or, subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or whose ranking in any Priority of Payments is affected, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than a Basic Terms Modification) to these Conditions and/or any other Transaction Document or enter into any new, supplemental or additional documents that the Issuer (in each case) considers necessary:

- (a) in order to enable the Issuer and/or the relevant Swap Provider to comply with any requirements which apply under UK EMIR and/or EU EMIR, subject to receipt by the Note Trustee and the Security Trustee of a certificate issued by (i) the Issuer or (ii) the Cash Manager on behalf of the Issuer certifying to the Note Trustee and the Security Trustee the requested amendments are to be made solely for the purpose of enabling the Issuer or the relevant Swap Provider, as the case may be, to satisfy its requirements under UK EMIR and/or EU EMIR and have been drafted solely to that effect;
- (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 in relation to any amendment under this Condition 12.6(b):
  - (i) the Issuer or the Cash Manager on behalf of the Issuer certifies in writing 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 YBS, the Cash Manager, the Seller, the Servicer, the Account Bank, the GIC Provider, the Collateral Account Bank, the Interest Rate Swap Provider or the Currency Swap Provider (for the purposes of this 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 that such modification is necessary for the purposes described in Conditions 12.6(b)(ii) (x) and/or (y) above;
  - (B) either:
    - (I) the Issuer or the Cash Manager (on behalf of the Issuer) obtains from each of the Rating Agencies a Ratings Confirmation and, if relevant, delivers a copy of each such confirmation to the Issuer, the Note Trustee and the Security Trustee; or
    - (II) the Issuer or the Cash Manager (on behalf of the Issuer) certifies in writing to the Note Trustee and the Security Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated within 30 days of being so informed that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent); and
  - (C) YBS pays all costs and expenses (including legal fees) incurred by the Issuer and the Note Trustee and the Security Trustee or any other Transaction Party in connection with such modification;
- (c) for the purpose of complying with any changes in the requirements of (i) Article 6 of the UK Securitisation Regulation or Article 6 of the EU Securitisation Regulation, or the U.S. Credit Risk Retention Requirements, after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the UK Securitisation Regulation, (ii) the UK CRR or (iii) any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer (or the Cash Manager on its behalf) 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;
- (d) for the purpose of enabling the Notes to comply with the requirements of the UK Securitisation Regulation or the EU Securitisation Regulation, including relating to compliance with UK STS Requirements and the treatment of the Notes as a simple, transparent and standardised securitisation, and any related regulatory technical standards authorised under the UK Securitisation Regulation or the EU Securitisation Regulation, provided that the Issuer (or the Cash Manager on its behalf) 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;

- (e) for the purpose of making any modification of the Notes or any of the Transaction Documents to enable the Issuer or any of the other Transaction Parties to comply with (i) FATCA or (ii) Section 15G of the Exchange Act, provided, in each case, that the Issuer (or the Cash Manager on its behalf) or the relevant Transaction Party 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;
- (f) for the purpose of making any modification of the Notes or any of the Transaction Documents to comply with the provisions of Rule 17g-5 of the Securities Exchange Act of 1934, provided that the Issuer (or the Cash Manager on its behalf) 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;
- (g) for the purpose of enabling the Class A Notes to be (or to remain) listed on Euronext Dublin or, where the maintenance of such listing has become unduly onerous, procure and maintain either the admission of the Class A Notes to the Official List of the FCA and to trading on the regulated market of the London Stock Exchange or the listing of the Class A Notes on such other stock exchange or exchanges or securities market or markets as the Issuer may decide **provided that** such new stock exchange is a recognised stock exchange for the purposes of Section 987 of the ITA 2007, 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;
- (h) for the purpose of complying with any changes in the requirements of the UK CRA Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the UK CRA Regulation 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;
- (i) for the purpose of appointing any additional Collateral Account Bank or opening any additional Collateral Accounts (including, without limitation, any custody accounts); *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,

(the certificate to be provided by (i) the Issuer, (ii) the Cash Manager (on behalf of the Issuer) and/or (iii) the Relevant Party, as the case may be, pursuant to Conditions 12.6(a) to (i) above being a **Modification Certificate**); or

- (j) for the purpose of changing the reference rate or the base rate that then applies in respect of any of the Notes (**Reference Rate**) to an alternative base rate (including where such base rate may remain linked to SONIA or SOFR but may be calculated in a different manner) (any such rate, which may include an alternative screen rate, an **Alternative Base Rate**) and make such other amendments as are necessary or advisable in the reasonable judgement of the Issuer to facilitate such change (a **Base Rate Modification**), provided that:
  - (i) the Cash Manager, on behalf of the Issuer, certifies to the Note Trustee and the Security Trustee in writing (such certificate, a **Base Rate Modification Certificate**) that:

- (A) such Base Rate Modification is being undertaken due to:
- (I) a SONIA-based or SOFR-based rate being introduced and becoming a standard means of calculating interest for similar transactions;
  - (II) an alternative manner of calculating a SONIA-based or SOFR-based rate being introduced and becoming a standard means of calculating interest for similar transactions;
  - (III) a material disruption to the Reference Rate, an adverse change in the methodology of calculating the Reference Rate or the Reference Rate ceasing to exist or be published;
  - (IV) the insolvency or cessation of business of the administrator of the Reference Rate (in circumstances where no successor administrator of the Reference Rate has been appointed);
  - (V) a public statement by the administrator of the Reference Rate that it will cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator for the Reference Rate has been appointed that will continue publication of the relevant Reference Rate);
  - (VI) a public statement by the supervisor of the administrator of the Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
  - (VII) a public statement by the supervisor of the administrator of the Reference Rate that means such Reference Rate may no longer be used or that its use is subject to restrictions or adverse consequences; or
  - (VIII) the reasonable expectation of the Cash Manager that any of the events specified in Conditions 12.6(j)(i)(A)(I) to (VII) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and
- (B) such Alternative Base Rate is:
- (I) a base rate published, endorsed, approved or recognised by the Federal Reserve Board, the Federal Reserve Bank of New York, the Bank of England or the European Central Bank, any regulator the United States, in 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);
  - (II) 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;

- (III) a base rate utilised in a publicly-listed new issue of Sterling-denominated asset-backed floating rate notes where the originator of the relevant assets is an affiliate of Yorkshire Building Society; or
  - (IV) such other base rate as the Cash Manager reasonably determines; and
- (ii) for the purpose of changing the base rate that then applies in respect of a Swap Agreement to an alternative base rate as is necessary or advisable in the commercially reasonable judgment of the Issuer (or the Cash Manager on its behalf) and the relevant Swap Provider solely as a consequence of a Base Rate Modification and solely for the purpose of aligning the base rate of the relevant Swap Agreement to the base rate of the Notes following such Base Rate Modification, provided that the Cash Manager, on behalf of the Issuer, certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and it has been drafted solely to such effect (such certificate being a **Swap Rate Modification Certificate**);

and provided that:

- (A) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee, the Security Trustee, the Interest Rate Swap Provider and the Currency Swap Provider;
- (B) the Modification Certificate, Base Rate Modification Certificate or Swap 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 is notified of the proposed modification and on the date that such modification takes effect; and
- (C) the consent of each Secured Creditor which is party to the relevant Transaction Document or whose ranking in any Priority of Payments is affected has been obtained,

and provided further that, other than in the case of a modification pursuant to Condition 12.6(a) above and:

- (A) other than in the case of a modification pursuant to Condition 12.6(b)(ii) above, either:
  - (I) the Issuer or the Cash Manager (on behalf of the Issuer) obtains from each of the Rating Agencies a Ratings Confirmation; or
  - (II) the Issuer or the Cash Manager (on behalf of the Issuer) certifies in writing to the Note Trustee and the Security Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated within 30 days of being so informed that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent); and

- (B) the Issuer certifies in writing to the Note Trustee and the Security Trustee that (I) the Issuer has provided at least 30 days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 15 (Notice to Noteholders) and by publication on Bloomberg on the "Company News" screen relating to the Notes and (II) Noteholders representing at least 10% of the aggregate Sterling Equivalent 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% of the aggregate Sterling Equivalent 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 Controlling Class is passed in favour of such modification in accordance with this Condition 12.

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer'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 Condition 12.6 (Additional Right of Modification):

- (a) neither the Note Trustee nor the Security Trustee shall consider the interests of the Noteholders, any other Secured Creditor or any other person or whether the proposed modification would constitute a Basic Terms Modification, and the Note Trustee and the Security Trustee shall act and rely solely and without further investigation on any certificate or evidence provided to them by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Condition 12.6 (Additional Right of Modification) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person or constitutes a Basic Terms Modification; 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 to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Note Trustee or the Security Trustee in the Transaction Documents and/or these Conditions.

- 12.8 The Note Trustee may also, without the consent or sanction of the Noteholders or the other Secured Creditors, if it is of the opinion that such determination will not be materially prejudicial to the interests of the Noteholders of any Class, waive or authorise any breach or proposed breach or determine that an Event of Default shall not, or shall not subject to specified conditions, be treated as such provided that the Note Trustee shall not exercise any power conferred on it in contravention of any express direction given by Extraordinary Resolution or by a direction under 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 shall be binding on the Noteholders and any such modification shall be notified by the Issuer as soon as practicable thereafter to:
- (a) so long as the Class A Notes remain outstanding, each Rating Agency;
  - (b) the Secured Creditors; and
  - (c) the Noteholders in accordance with Condition 15 (Notice to Noteholders).
- 12.10 The Security Trustee may, only with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents but without the consent or sanction of the other Secured Creditors, without prejudice to its right in respect of any further or other breach, from time to time and at any time authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to any of the Transaction Documents by any party thereto, but only if and in so far as it receives written confirmation from the Note Trustee that in its opinion the interests of the Noteholders will not be materially prejudiced thereby. Any such authorisation or waiver shall be binding on the Secured Creditors and notice thereof shall be given by the Cash Manager to the Secured Creditors and to the Rating Agencies as soon as practicable thereafter.
- 12.11 In connection with any such substitution of principal debtor referred to in Condition 7.5 (Optional Redemption of the Class A Notes for Taxation or Other Reasons), the Note Trustee and the Security Trustee may also 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 and the Security Trustee, be materially prejudicial to the interests of the Noteholders.
- 12.12 In determining whether a proposed action will not be materially prejudicial to the Noteholders or any Class thereof, the Note Trustee may in its absolute discretion, among other things, have regard to whether the Rating Agencies have confirmed in writing 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 Class A Notes. It is agreed and acknowledged by the Note Trustee that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders. In being entitled to take into account that each of the Rating Agencies have confirmed that the then current ratings of the Notes would not be adversely affected, it is agreed and acknowledged by the Note Trustee this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Note Trustee, the Noteholders or any other person or create any legal relations between each of the Rating Agencies, the Note Trustee, the Noteholders or any other person whether by way of contract or otherwise.
- 12.13 Where, in connection with the exercise or performance by the Note Trustee of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation,

determination, substitution or change of laws as referred to herein), the Note Trustee is required to have regard to the interests of the Noteholders of any Class or Classes, it shall have regard to the general interests of the Noteholders of such Class or Classes as a Class 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 subdivision thereof and the Note Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim from the Issuer, the Note Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

12.14 **Extraordinary Resolution** means, in respect of the Class A Noteholders or any sub-Class thereof:

- (a) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed and these Conditions by a majority consisting of not less than three-quarters of the votes cast; or
- (b) (i) a resolution in writing signed by or on behalf of the Noteholders of not less than three-quarters in aggregate Sterling Equivalent Principal Amount Outstanding of any Class or sub-Class of the Notes then outstanding 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 such Class or sub-Class (a **Written Resolution**) or (ii) where the Class A Notes are held on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Issuer or the Note Trustee (as the case may be) given by way of electronic consents communicated through the electronic communication systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than three-quarters in aggregate Sterling Equivalent Principal Amount Outstanding of the Class A Notes or any sub-Class thereof then outstanding (**Electronic Consent**).

A Written Resolution and/or an Electronic Consent, shall, in each case, for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holders of the Class A Notes duly convened and held. Such a Written Resolution and/or Electronic Consent will be binding on all holders of the Class A Notes whether or not they participated in such Written Resolution and/or Electronic Consent.

12.15 **Issuer Substitution Condition**

The Note Trustee may concur, with the Issuer, 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 and the Notes 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 4 (Covenants). In the case of a substitution pursuant to this Condition 12.15, the Note Trustee may in its absolute discretion 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.

**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 secured and/or prefunded 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 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.

**14. REPLACEMENT OF NOTES**

If any Class A Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Principal Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Class A 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 Class A Note must be surrendered before a new one will be issued.

**15. NOTICE TO NOTEHOLDERS**

**15.1 Publication of Notice**

- (a) Subject to Condition 15.1(b) below, 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. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Note Trustee may approve. The holders of any coupons will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 15.1.
- (b) While the Class A Notes are represented by a Global Note, notices to Noteholders (other than the Class Z VFN Holder) will be valid if published as described above, or, at the option of the Issuer, if submitted to the relevant Clearing System for communication by them to Noteholders (other than the Class Z VFN Holder). Any notice delivered to the relevant Clearing System, as aforesaid shall be deemed to have been given on the day of such delivery.
- (c) In respect of the Class Z VFN, notices to the Class Z VFN Holder will be sent to it by the Issuer to the fax number or email address notified to the Issuer from time to time in writing.

## 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 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.

## 16. **SUBORDINATION BY DEFERRAL**

### 16.1 **Interest**

- (a) If, on any Interest Payment Date while any of the Class A Notes remain outstanding prior to the service of a Note Acceleration Notice, the Issuer has insufficient funds to make payment in full of all amounts of interest (which shall, for the purposes of this Condition 16, include any interest previously deferred under this Condition 16.1 and any accrued Additional Interest thereon) payable in respect of the Class Z VFN after having paid or provided for items of higher priority in the Pre-Acceleration Revenue Priority of Payments, then the Issuer shall be entitled to defer to the next Interest Payment Date the payment of interest in respect of the Class Z VFN (unless there are no Class A Notes then outstanding) to the extent only of any insufficiency of funds (only after having paid or provided for all amounts specified as having a higher priority in the Pre-Acceleration Revenue Priority of Payments than interest payable in respect of the Class Z VFN).
- (b) Any interest deferred in respect of the Class Z VFN under this Condition 16.1 shall be referred to as **Deferred Interest**.

### 16.2 **General**

Any amounts of Deferred Interest in respect of the Class Z VFN 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 16.1 (Interest) applies) or on such earlier date as the Class Z VFN becomes due and repayable in full in accordance with these Conditions.

### 16.3 **Notification**

As soon as practicable after becoming aware but no later than five Business Days prior to any Interest Payment Date that any part of a payment of interest on the Class Z VFN will be deferred or that a payment previously deferred will be made in accordance with this Condition 16, the Issuer will give notice thereof to the Class Z VFN Holder in accordance with Condition 15 (Notice to Noteholders). Any deferral of interest in accordance with this Condition 16 will not constitute an Event of Default. The provisions of this Condition 16 shall cease to apply on the Final Maturity Date, or any earlier date on which the Notes are redeemed in full or required to be redeemed in full at which time all deferred interest and accrued Additional Interest thereon shall become due and payable.



**17. INCREASING THE PRINCIPAL AMOUNT OUTSTANDING OF THE CLASS Z VFN AND ADJUSTING THE MAXIMUM CLASS Z VFN AMOUNT**

**17.1 Class Z VFN**

- (a) If the Issuer (or the Cash Manager on behalf of the Issuer) receives a notice from the Seller prior to the Class Z VFN Commitment Termination Date notifying the Issuer:
- (i) that a Further Advance has been made in respect of which there are insufficient funds standing to the credit of the Principal Ledger to fund the purchase of the Further Advance Purchase Price and of the amount of the Further Advance Purchase Price and/or such shortfall which is insufficiently funded by amounts standing to the credit of the Principal Ledger;
  - (ii) that amounts standing to the credit of the General Reserve Fund are (or, following the next Interest Payment Date, will be) less than the General Reserve Required Amount;
  - (iii) of any premiums payable under the Interest Rate Swap Transaction and/or the Currency Swap Transaction;
  - (iv) that there is a Class A1 Target Amortisation Amount Shortfall, a Class A2 Target Amortisation Amount Shortfall or a Class A3 Target Amortisation Amount Shortfall on an Interest Payment Date; and/or
  - (v) that there is a Covid-19 Revenue Shortfall Amount,

the Issuer (or the Cash Manager on its behalf) shall notify (by serving a Notice of Increase) the holder of the Class Z VFN (the **Class Z VFN Holder**) requesting that such Class Z VFN Holder further fund the Class Z VFN on the next following Monthly Pool Date or other Business Day specified in the Notice of Increase in an amount equal to the lower of:

(A)

- (I) in respect of paragraph (i) above, the Further Advance Purchase Price less amounts standing to the credit of the Principal Ledger available to pay such Further Advance Purchase Price;
- (II) in respect of paragraph (ii) above, the General Reserve Required Amount less all amounts standing to the credit of the General Reserve Fund (or would be standing to the credit of the General Reserve Fund following the next Interest Payment Date); or
- (III) in respect of paragraph (iii) above, the amount of any premium payable under the Interest Rate Swap Transaction and/or the Currency Swap Transaction; or
- (IV) in respect of paragraph (iv) above, the Class A1 Target Amortisation Amount Shortfall, the Class A2 Target Amortisation Amount Shortfall or the Class A3 Target Amortisation Amount Shortfall determined by the Cash Manager in respect of that Interest Payment Date (provided that if a Class A1 Target Amortisation Amount Shortfall, a Class A2 Target Amortisation Amount Shortfall or a Class A3 Target Amortisation Amount Shortfall are subsisting

on an Interest Payment Date the Issuer (or the Cash Manager on its behalf) shall notify the Class Z VFN Holder of any Class A1 Target Amortisation Amount Shortfall, Class A2 Target Amortisation Amount Shortfall and Class A3 Target Amortisation Amount Shortfall and request that the Class Z VFN Holder funds any of such shortfalls as the Class Z VFN Holder so elects in its sole discretion) subject to the restrictions contained in section entitled "Class Z VFN Holder's discretionary rights to fund Class A Target Amortisation Amounts and Revenue Shortfalls"; or

- (V) in respect of paragraph (v) above, the amount of the Covid-19 Revenue Shortfall Amount; and
  - (B) the Maximum Class Z VFN Amount less the current Principal Amount Outstanding of the Class Z VFN (taking into account any predicted or forecast reductions to the Principal Amount Outstanding of the Class Z VFN on the following Interest Payment Date).
- (b) The Class Z VFN Holder, upon receipt of such a notice from the Issuer or the Cash Manager (on behalf of the Issuer) prior to the Class Z VFN Commitment Termination Date requesting that the relevant Class Z VFN Holder further fund the Class Z VFN, shall notify the Issuer that the relevant Class Z VFN Holder is prepared to make such further funding (the **Further Class Z VFN Funding**), provided the relevant Class Z VFN Holder shall not be obliged to make any such further funding unless and until such time as the Issuer has complied with the requirements of Condition 17.1(d) below.
  - (c) The proceeds of the Further Class Z VFN Funding shall be applied by the Issuer to fund (i) the Further Advance Purchase Price, (ii) the General Reserve Fund up to and including an amount equal to the General Reserve Required Amount; (iii) any premiums payable under the Interest Rate Swap Transaction and/or the Currency Swap Transaction (in accordance with Condition 17.1(a)(v)(A)(III) above); (iv) any Class A1 Target Amortisation Amount Shortfall, Class A2 Target Amortisation Amount Shortfall or Class A3 Target Amortisation Amount Shortfall (as applicable) to reduce the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes by the Class A1 Target Amortisation Amount and/or Class A2 Notes by the Class A2 Target Amortisation Amount and/or Class A3 Notes by the Class A3 Target Amortisation Amount (in each case, as applicable); and (v) as Available Revenue Receipts when such amount is drawn as a result of a Covid-19 Revenue Shortfall Amount (in each case, as applicable).
  - (d) The Class Z VFN Holder shall (or in the case of a request for funding under Condition 17.1(a)(iv) or Condition 17.1(a)(v), may, at its discretion) advance the amount of such Further Class Z VFN Funding to the Issuer for value on the relevant Monthly Pool Date or other Business Day specified in the Notice of Increase, if the following conditions are satisfied:
    - (i) not later than 2.00 p.m. four Business Days prior to the proposed date for the making of such Further Class Z VFN Funding (or such lesser time as may be agreed by the Class Z VFN Holder), the relevant Class Z VFN Holder has received from the Issuer a completed and irrevocable Notice of Increase therefor, receipt of which shall oblige (other than in the case of a request for funding under Condition 17.1(a)(iv) or Condition 17.1(a)(v), in which case such further funding shall be provided at the sole discretion of the Class Z VFN Holder and, in relation to a request for further funding under Condition 17.1(a)(iv) where a Class A1 Target

Amortisation Amount Shortfall, a Class A2 Target Amortisation Amount Shortfall and a Class A3 Target Amortisation Amount Shortfall are subsisting, provided further that the Class Z VFN Holder may elect, if it is to advance any funds, to advance further funding in relation to either such shortfall at its discretion) the relevant Class Z VFN Holder to accept the amount of the Further Class Z VFN Funding therein requested on the date therein stated upon the terms and subject to the conditions contained therein;

- (ii) as a result of the making of such Further Class Z VFN Funding, the aggregate amount plus all Further Class Z VFN Funding made in respect of the relevant Class Z VFN (provided no reference shall be made in respect of any principal amount due on the relevant Class Z VFN which has already been repaid) would not exceed the Maximum Class Z VFN Amount;
- (iii) either:
  - (A) the Issuer confirms in the Notice of Increase that no Event of Default has occurred or will occur as a result of the Further Class Z VFN Funding; or
  - (B) the relevant Class Z VFN Holder agrees in writing (notwithstanding any matter mentioned at Condition 17.1(d)(iii)(A) above) to make such Further Class Z VFN Funding available; and
- (iv) the proposed date of such Further Class Z VFN Funding falls on a Business Day prior to the Class Z VFN Commitment Termination Date.

In this Condition 17.1, the expression:

**Maximum Class Z VFN Amount** for the Class Z VFN shall be £450,000,000 or such other amount as may be agreed from time to time by the Issuer and the Class Z VFN Holder, and notified to the Note Trustee.

**Notice of Increase** means a notice substantially in the form set out in the Trust Deed.

## 18. NON-RESPONSIVE RATING AGENCY

- 18.1 In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the 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 relevant Rating Agencies that the then current ratings of the Class A Notes will not be reduced, qualified, adversely affected or withdrawn thereby (a **Ratings Confirmation**).
- 18.2 If a Ratings 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 Ratings 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) and:
- (a) (i) one Rating Agency (such Rating Agency, a **Non-Responsive Rating Agency**) indicates that it does not consider such Ratings Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy provide such Ratings Confirmation or response or (ii) within 30 days of delivery of such request, no Ratings Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Ratings Confirmation or response could not be given; and

(b) one Rating Agency gives such Ratings Confirmation or response based on the same facts,

then such condition to receive a Ratings Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Ratings Confirmation or response from the Non-Responsive Rating Agency if the Cash Manager on behalf of the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors certifying and confirming that each of the events in Condition 18.2(a)(i) or (ii) and (b) above has occurred, following the delivery by or on behalf of the Issuer of a written request to each Rating Agency.

18.3 The Note Trustee and the Security Trustee shall be entitled to rely without liability to any person on any certificate delivered to it in connection with a Non-Responsive Rating Agency pursuant to this Condition 18. The Note Trustee and the Security Trustee shall not be required to investigate any action taken by the Issuer or such Non-Responsive Rating Agency and shall treat the applicable condition or requirement to receive a Ratings Confirmation or response from each Rating Agency as having been modified with the consent of all Noteholders and all parties to the relevant Transaction Documents so that there shall be no requirement for such Ratings Confirmation or response from the Non-Responsive Rating Agency.

## **19. GOVERNING LAW**

The Trust Deed, the Deed of Charge, the Notes 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, save for certain aspects of the same which are stated to be governed by Scots law. Each Scottish Declaration of Trust and Scottish Supplemental Charge is governed by, and shall be construed in accordance with, Scots law.

## **20. 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.

## APPENDIX

Each of the following sterling equivalent Class A1 Target Principal Amount, Class A2 Target Principal Amount and Class A3 Target Principal Amount (each, a **Target Principal Amount**) assumes a Principal Amount Outstanding of the Class A1 Notes on the Closing Date of \$300,000,000, a Principal Amount Outstanding of the Class A2 Notes on the Closing Date of £264,000,000 and a Principal Amount Outstanding of the Class A3 Notes on the Closing Date of £1,000,000,000.

Notwithstanding anything to the contrary in the table below, each of the Class A1 Target Principal Amount, the Class A2 Target Principal Amount and the Class A3 Target Principal Amount shall be zero from the occurrence of a Further Sale Period Termination Event.

<b>Interest Payment Date falling in</b>	<b>Class A1 Target Principal Amount (\$)</b>	<b>Sterling Equivalent Class A1 Target Principal Amount (£)</b>	<b>Class A2 Target Principal Amount (£)</b>	<b>Class A3 Target Principal Amount (£)</b>
Closing Date	300,000,000.00	216,403,375.89	264,000,000	1,000,000,000
16 April 2021	299,200,000.00	215,826,300.22	263,793,487.67	999,834,790.13
16 July 2021	282,410,000.00	203,714,924.62	255,359,244.84	987,142,482.97
18 October 2021	262,970,000.00	189,691,985.86	245,589,091.04	972,439,824.34
17 January 2022	245,900,000.00	177,378,633.77	237,008,106.11	959,526,691.68
18 April 2022	223,910,000.00	161,516,266.32	225,955,677.07	942,894,395.55
18 July 2022	198,770,000.00	143,381,663.42	204,677,264.96	921,615,983.44
17 October 2022	165,710,000.00	119,534,011.40	189,647,268.59	902,410,988.07
16 January 2023	137,340,000.00	99,069,465.48	172,786,164.15	883,775,030.53
17 April 2023	121,400,000.00	87,571,232.78	164,776,815.82	871,722,127.70
17 July 2023	99,820,000.00	72,004,616.61	153,930,892.56	855,400,592.70
16 October 2023	84,760,000.00	61,141,167.14	146,364,253.46	844,013,902.79
16 January 2024	69,670,000.00	50,256,077.33	138,785,964.25	832,609,681.16
16 April 2024	54,810,000.00	39,536,896.78	131,315,995.48	821,368,466.03
16 July 2024	32,220,000.00	23,241,722.57	119,969,296.89	804,293,337.08
16 October 2024	12,390,000.00	8,937,459.42	110,006,909.10	789,301,394.30
16 January 2025	–	–	100,671,116.01	775,252,385.28
16 April 2025	–	–	91,030,687.26	760,744,943.96
16 July 2025	–	–	62,421,654.95	748,824,513.83
16 October 2025	–	–	48,607,340.39	728,035,982.22
16 January 2026	–	–	29,333,032.85	709,323,062.27
16 April 2026	–	–	–	–

## USE OF PROCEEDS

The Issuer will use the net proceeds of the Class A Notes to pay a portion of the Initial Consideration payable by the Issuer for the Portfolio to be acquired from the Seller on the Closing Date.

The Issuer will use the net proceeds of the issue of the Class Z VFN to fund (i) to the extent that the proceeds of the Class A Notes are insufficient to pay the Initial Consideration on the Closing Date, the remaining portion of the Initial Consideration, (ii) any Further Advance Purchase Price (to the extent not funded by amounts standing to the credit of the Principal Ledger), (iii) the establishment of the General Reserve Fund on the Closing Date, (iv) if the amount standing to the credit of the General Reserve Fund is (or, following the next Interest Payment Date, will be) less than the General Reserve Required Amount, any increase in the General Reserve Fund up to the General Reserve Required Amount, (v) initial expenses of the Issuer incurred in connection with the issue of the Notes on the Closing Date, (vi) any premiums payable under the Interest Rate Swap Transaction and/or the Currency Swap Transaction, (vii) prior to the service of a Note Acceleration Notice (at the sole discretion of the Class Z VFN Holder) any Class A1 Target Amortisation Amount Shortfall, Class A2 Target Amortisation Amount Shortfall or any Class A3 Target Amortisation Amount Shortfall and to reduce the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes by the Class A1 Target Amortisation Amount and/or the Class A2 Notes by the Class A2 Target Amortisation Amount and/or the Class A3 Notes by the Class A3 Target Amortisation Amount, as applicable, pursuant to Condition 7.2(a) on an Interest Payment Date and (viii) (at the sole discretion of the Class Z VFN Holder) any Covid-19 Revenue Shortfall Amount.

## RATINGS

The Class A Notes, on issue, are expected to be assigned the following ratings by Fitch and Moody's. The Class Z VFN are not rated. A credit 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 organisation if, in its judgement, circumstances (including, without limitation, a reduction in the credit rating of the Interest Rate Swap Provider, the Currency Swap Provider and/or the Account Bank and/or any Collateral Account Bank in the future) so warrant.

<b>Class of Notes</b>	<b>Fitch</b>	<b>Moody's</b>
Class A1 Notes	AAA sf	Aaa (sf)
Class A2 Notes	AAA sf	Aaa (sf)
Class A3 Notes	AAA sf	Aaa (sf)
Class Z VFN	Not rated	Not rated

As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the United Kingdom and is registered under the UK CRA Regulation. The ratings issued by the Rating Agencies have been endorsed by Fitch Ratings Ireland Limited and Moody's Deutschland GmbH, respectively. Each of Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is established in the EU and registered under the EU CRA Regulation. As such, each of the Rating Agencies is included on the list of credit rating agencies published by the European Securities and Markets Authority on its website (at [www.esma.europa.eu/page/list-registered-and-certified-CRAs](http://www.esma.europa.eu/page/list-registered-and-certified-CRAs)) (this website and the contents thereof do not form part of this Prospectus) and by the FCA on its website (at <https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras>) (this website and the contents thereof do not form part of this Prospectus). In general, European and United Kingdom regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union or the United Kingdom (as applicable) and registered under the EU CRA Regulation or the UK CRA Regulation (as applicable).

## THE ISSUER

### Introduction

The Issuer was incorporated in England and Wales on 8 January 2021 (registered number 13122354) as a public limited company under the Companies Act 2006 (as amended). The registered office of the Issuer is c/o Wilmington Trust SP Services (London) Limited of Third Floor, 1 King's Arms Yard, London EC2R 7AF. The telephone number of the Issuer's registered office is +44 (0) 207 397 3600. The authorised share capital of the Issuer comprises 50,000 ordinary shares of £1 each. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each. 49,999 of such shares of £1 each are partly-paid up in cash as to 25p each and the remaining 1 share is a fully paid share of £1 and which is beneficially owned by Holdings (see "Holdings").

The Issuer has been established as a special purpose vehicle or entity for the purposes of issuing asset-backed securities. The Issuer has no subsidiaries. The Seller does not own directly or indirectly any of the share capital of Holdings or the Issuer. The Issuer was established solely for the purpose of issuing the Notes. The Issuer is permitted pursuant to the terms of its articles of association, *inter alia*, to issue the Notes. The Issuer will covenant to observe certain restrictions on its activities which are set out in Condition 4 (Covenants). Except for the purpose of hedging interest rate or currency risk, the Issuer will not enter into derivative contracts for purposes of Article 21(2) of the UK Securitisation Regulation.

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 (under certain circumstances), a registered and administrative office, the arrangement of meetings of directors and shareholders and procure the service of a company secretary. No other remuneration is paid by the Issuer to or in respect of any director or officer of the Issuer for acting as such.

The Issuer, since its incorporation, has not commenced operations other than those incidental to its registration as a public company under the Companies Act 2006 (as amended) and to the proposed issues of the Notes and the authorisation of the other Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing. The Issuer has not prepared financial statements up to the date of this Prospectus. The Issuer has made a notification under the Data Protection Act 2018. 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 General Reserve Ledger, the Issuer Profit Ledger and the Liquidity Reserve Ledger, if established).

### Directors

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

<b>Name</b>	<b>Business Address</b>	<b>Business Occupation</b>
Ioannis Kyriakopoulos	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Director
Wilmington Trust SP Services (London) Limited	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Corporate Director



The directors of Wilmington Trust SP Services (London) Limited and their principal activities are as follows:

<b>Name</b>	<b>Business Address</b>	<b>Principal Activities</b>
Alexander James Rowland Pashley	Third Floor, 1 King's Arms Yard, London EC2R 7AF	Director
Daniel Jonathan Wynne	Third Floor, 1 King's Arms Yard, London EC2R 7AF	Director
Nicolas Patch	Third Floor, 1 King's Arms Yard, London EC2R 7AF	Director
Alan Geraghty	Fourth Floor, 3 George's Dock, International Financial Services Centre, Dublin 1 Ireland	Director
Angela Icolaro	Third Floor, 1 King's Arms Yard, London EC2R 7AF	Director

The company secretary of the Issuer is Wilmington Trust SP Services (London) Limited whose principal office is at Third Floor, 1 King's Arms Yard, London, EC2R 7AF. 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 in England and Wales on 2 December 2020 (registered number 13058221) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is c/o Wilmington Trust SP Services (London) Limited of Third Floor, 1 King's Arms Yard, London EC2R 7AF. The issued share capital of Holdings comprises 1 ordinary share of £1. Wilmington Trust SP Services (London) Limited (the **Share Trustee**) holds the entire beneficial interest in the issued share under a discretionary trust for discretionary purposes. Holdings holds the entire beneficial interest in the issued share capital of the Issuer.

Neither the Seller nor any company connected with the Seller can direct the Share Trustee and none of such companies has any control, direct or indirect, over Holdings or the Issuer.

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. Except for the purpose of hedging interest rate or currency risk, Holdings will not enter into derivative contracts for purposes of Article 21(2) of the UK Securitisation Regulation.

### Directors

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

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Ioannis Kyriakopoulos	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Director
Wilmington Trust SP Services (London) Limited	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	Corporate Director

The directors of Wilmington Trust SP Services (London) Limited and their respective business addresses and principal activities are as follows:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
Alexander James Rowland Pashley	Third Floor, 1 King's Arms Yard, London EC2R 7AF	Director
Daniel Jonathan Wynne	Third Floor, 1 King's Arms Yard, London EC2R 7AF	Director
Nicolas Patch	Third Floor, 1 King's Arms Yard, London EC2R 7AF	Director
Alan Geraghty	Fourth Floor, 3 George's Dock, International Financial Services Centre, Dublin 1 Ireland	Director

<b>Name</b>	<b>Business Address</b>	<b>Principal Activities</b>
Angela Icolaro	Third Floor, 1 King's Arms Yard, London EC2R 7AF	Director

The company secretary of Holdings is Wilmington Trust SP Services (London) Limited whose principal office is at Third Floor, 1 King's Arms Yard, London EC2R 7AF.

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.

## ACCORD MORTGAGES LIMITED

Accord is the Seller under the transaction and is a wholly owned subsidiary of YBS. Accord was incorporated and registered under the laws of England and Wales as a private limited company with company registration number 02139881. The registered address of Accord is Yorkshire House, Yorkshire Drive, Bradford, West Yorkshire BD5 8LJ. Accord was established by YBS in 2003 to deal with borrowers introduced through financial intermediaries for the purpose of originating residential mortgage loans to borrowers in England, Wales, Scotland and Northern Ireland. It is the dedicated intermediary-only brand of the YBS Group and is a well-established force in the UK intermediary market. Accord's borrowers do not become borrowing members of YBS.

Accord has significantly more than five years of experience in the origination and underwriting of mortgage loans similar to those included in the Portfolio.

Accord is authorised and regulated by the FCA and is entered in the Financial Services Register with registration number 305936. In addition, Accord is an undertaking whose principal activity is to pursue one or more of the activities listed in points 2 to 12 and point 15 of Annex I to Directive 2013/36/EU.

Accord offers a range of products which are made available to borrowers through its intermediary partners. Further details of the products offered from time to time by Accord are available on the Accord website at [www.accordmortgages.com](http://www.accordmortgages.com) (this website and the contents thereof do not form part of this Prospectus). Accord's approach is to recognise the intermediary's relationship with its customers and to work in partnership with the intermediary to meet the customers' needs through the provision of competitive products and service excellence. As at 31 December 2020, Accord had 150,220 mortgage accounts.

### Directors

Accord's directors are:

Sarah Jackson, Director  
Richard Wells, Director  
Rob Purdy, Director  
Stephen White, Director  
David Morris, Director  
Jeremy Duncombe, Director

As a wholly owned subsidiary of YBS, Accord utilises the YBS Group's Shared Services team, who deliver processing and first line quality control and the Accord marketing teams, strategic product development and sales teams are integrated within the YBS Group. Accord is also subject to YBS risk management policies and techniques using its Enterprise Risk Management Framework (**ERMF**), and therefore appropriate risk management activity is deployed wherever risks arise. For further information on the ERMF please refer to the Annual Report and Accounts of the Society. The YBS Group Risk Committee, consisting of non-executive directors and senior executives, considers all risk matters relating to the YBS Group and its subsidiaries, including credit risk, operational risk, market risk, liquidity risk, business risk and regulatory and prudential requirements. In January 2021 a new function was created which has aligned Intermediary and Direct Mortgage Distribution teams under the remit of the Director of Mortgage Distribution, who formerly held the role of Director of Intermediary Distribution. This enhances ability to initiate the use of resource across channels, the refinement of processes and the ability to react to market conditions.

## YORKSHIRE BUILDING SOCIETY

Yorkshire Building Society (**YBS** and the **Society** and, together with its consolidated subsidiaries undertakings from time to time (the **YBS Group**) will be appointed as Servicer pursuant to the Servicing Agreement, as Cash Manager pursuant to the Cash Management Agreement, as Interest Rate Swap Provider pursuant to the Interest Rate Swap Agreement, as Account Bank and GIC Provider under the Bank Account Agreement, as Class Z VFN Registrar pursuant to the Conditions and will be the guarantor of the repurchase obligations of the Seller under the Mortgage Sale Agreement and the Class Z VFN Holder.

### Introduction

The Society's principal office is at Yorkshire House, Yorkshire Drive, Bradford, West Yorkshire BD5 8LJ (telephone number: 01274 740740). The YBS Group was, in terms of total assets, at 31 December 2020 the third largest building society in the United Kingdom with total assets of £47.9 billion.

The Society was formed in 1884 as The Bradford Self-Help Permanent Building Society. It was incorporated in England in 1885 under the Building Societies Act 1874. In 1975 it merged with the Huddersfield Building Society (incorporated in 1864) to become the Huddersfield and Bradford Building Society. The present name was adopted following a further merger with the West Yorkshire Building Society in 1982. The engagements of Haywards Heath Building Society were transferred to the Society on 31 December 1992. On 31 December 2001, the Gainsborough Building Society merged with the Society. The engagements of Barnsley Building Society were transferred to the Society on 31 December 2008, on 1 April 2010 the engagements of Chelsea Building Society were transferred to the Society and on 1 November 2011 the engagements of Norwich and Peterborough Building Society were transferred to the Society, all under section 94 of the Building Societies Act 1986.

YBS is an entity which is subject to prudential, capital and liquidity regulation in the United Kingdom and it has regulatory authorisation and permissions which are relevant to the provision of servicing in relation to the loans comprising the Portfolio and other loans originated by Accord which are not sold to the Issuer.

YBS has significantly more than five years of experience in the servicing of mortgage loans similar to those included in the Portfolio.

### Constitution

The Society is regulated by the PRA and the FCA and operates in accordance with the Building Societies Act 1986 and the Society's memorandum and rules. It is an authorised building society within the meaning of the Building Societies Act and is registered under the FSMA with registered number 66B.

The Society, as a building society, is a mutual organisation owned by approximately 3 million members and, unlike a company incorporated under the Companies Act 1985 or the Companies Act 2006, does not have equity shareholders in the usual sense. A share in the Society is not the same as a share in a company and voting power is not weighted according to the number or value of shares held. No individual member is entitled to more than one vote on any resolution proposed at a general meeting. Holders of investment shares may withdraw funds from their share accounts subject to the rules of the Society and the terms upon which their shares are issued. Depositors with and lenders to the Society are not members and accordingly have no voting rights.

A building society may, subject to the approval of its members (by a requisite shareholders' resolution of investing members and a borrowing members' resolution) and confirmation by the relevant regulatory authority, transfer its business to a specially formed public company limited by shares incorporated in the United Kingdom or an EEA company which has power to offer its shares or debentures to the public in a

procedure commonly referred to as "conversion" or to an existing successor company which is a public company limited by shares incorporated in the United Kingdom or an EEA company with power to offer its shares or debentures to the public in a procedure commonly referred to as a "takeover".

The Mutual Societies (Transfers) Order 2009 modifies section 97 of the Building Societies Act 1986 to permit a building society to transfer the whole of its business to a relevant subsidiary of a building society, friendly society or industrial provident society incorporated in the United Kingdom or other EEA mutual society (as defined in that legislation). The Society's corporate strategy includes a commitment to its existing status as a mutual building society run for the benefit of its current and future members. During 1998 the Society announced the establishment of a charitable foundation. Since the date of its establishment, new members of the Society have to agree to assign to the foundation their rights to any windfall benefits arising from a conversion to plc status during the period of five years from commencement of their membership. Members retain their full rights to vote on any conversion resolution during the five-year assignment period.

The affairs of the Society are conducted and managed by a board of directors who are elected by members of the Society and who serve in accordance with the rules of the Society. The board is responsible to the members for the proper conduct of the affairs of the Society and appoints and supervises the senior executives of the Society who are responsible to the board for the day-to-day management of the Society. Eligibility to vote at general meetings is governed by the Building Societies Act 1986 and the rules of the Society.

### **Business and Strategy of the Society**

The Society's purpose to provide Real Help with Real Life remains and in 2020 the strategy in how to achieve this was refreshed. It has established an ambitious and challenging programme of transformation that will lead to significant improvements in both customer experience and efficiency through investment in digital technology. Real Help with Real Life means delivering on central ambitions: ensuring long-term value for members, helping people to have a place to call home and helping them towards greater financial wellbeing.

The business model is simple: to provide a secure home for members' savings and use these to enable mortgage customers to buy a home of their own. The Society also raises additional funds through the wholesale markets and government funding schemes, which helps to diversify the funding base and provide greater stability and flexibility.

The majority of lending is in the residential property market, but loans are also provided to the buy-to-let, commercial and housing association sectors. To help deliver its purpose, the Society is continuing to prioritise lending to customers who are currently poorly served by the market, in order to help them overcome the financial barriers they face.

As a member owned mutual, there are no external shareholders, so profitability targets are set to ensure that the Society continues to be financially sustainable, enabling value to continue to be created for stakeholders in the future. It is important to ensure that the level of income generated covers the cost of running the organisation and delivering products and services. Any additional profit is invested in:

- protecting the financial position and supporting growth by building capital strength
- the future, through the delivery of better products and services
- people, local communities and other social or environmental responsibilities.

The revised strategy is underpinned by four priorities;

- *Savings rebooted* – Help more people build financial resilience by redefining and re-engineering the savings business
- *Properly Personal Experience* – Building a service proposition that tailors experiences in line with individual customer needs
- *Purposeful Analytics* – Building analytics capability to better understand the needs of both existing and prospective customers
- *Unbelievably Easy & Efficient* – Making customers' lives easier and becoming unbelievably efficient

## Recent Developments

Progress has already been made against these ambitions. In 2020, strong foundations were laid for the transformation activities that began their journey through discovery and to shape in the second half of this year.

- The Society delivered its first savings app for customers and launched a new/improved savings application journey online. In 2021 it will build out new journeys to enhance the digital offering to customers further.
- It has begun to move processing teams from hard copy to scanned digital images, effectively removing paper from Head Office operations. In the first half of 2021 this exercise will be completed, removing even more paper from our operations.
- The Society is well underway to deliver enhanced authentication of digital customers (Q4 2020), and straight through mortgage applications for brokers (Q1 2021). In the first half of 2021 it will deliver connectivity to broker platforms to allow automated application submissions directly into underwriting systems.
- Additionally, the majority of branch/agency WAN migration and Telephony phase 1 migration has been completed. This provides colleagues with a modern platform to collaborate and serve customers and underpins the digitisation of the branch and agency network.

Management expenses have again reduced year on year, from £289.6m in 2019 to £275.8m – a 5% decrease. This further reduction in operating costs results from the successful delivery of a number of initiatives. It is the intention to continue transforming operations through further investment in digital and efficiency programmes.

The cost reduction in 2020 has been achieved even with unplanned expenditure required as a direct consequence of the COVID-19 pandemic. This includes: the cost of extra resource to service payment deferral and increased underwriting checks; facilities costs to prepare branches and offices for new health and safety measures; and investment in IT resilience and capability to accommodate office-based colleagues working from home on a much larger scale than before.

## Regulatory

During 2020, the Society's regulatory focus has been on managing the impact of the following:

- Coronavirus (COVID 19) pandemic. This has been a challenge for all financial services companies. However, YBS responded quickly to the regulatory guidance issued in relation to Covid-19 payment deferrals and continue to keep a close watch on other potential changes that may happen as the UK responds to this matter.

- YBS have been liaising with external parties such as the FCA and UK Finance regarding the challenges faced by Brexit for both our savings and mortgages customers (members), which has helped provide further clarification around our Brexit approach. As a result, YBS has implemented the necessary changes to ensure we remain compliant with legislation.
- Own Funds and Eligible Liabilities (**MREL**) came into force from the beginning of 2020. This regulation prescribes the level of capital and bail-in liabilities YBS is required to hold. YBS complies with final state MREL requirements throughout 2020.



## **THE NOTE TRUSTEE AND SECURITY TRUSTEE**

U.S. Bank Trustees Limited is a limited liability company incorporated under the laws of England and Wales with its office at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR, United Kingdom.

U.S. Bank Trustees Limited is part of the worldwide corporate trust business of the U.S. Bancorp group. In Europe, the corporate trust business is conducted in combination with Elavon Financial Services DAC., U.S. Bank Global Corporate Trust Limited (the legal entities through which corporate trust banking and agency appointments are conducted) and U.S. Bank National Association, (the legal entity through which corporate trust conducts business in the United States).

The corporate trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S. based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at <https://www.usbank.com>.

## CURRENCY SWAP PROVIDER

BNP Paribas is a French multinational bank and financial services company with its registered office located at 16 boulevard des Italiens 75009 Paris, France, and its corporate website in English is <http://www.bnpparibas.com/en>.

BNP Paribas, together with its consolidated subsidiaries (the **BNP Paribas Group**) is a global financial services provider, conducting retail, corporate and investment banking, private banking, asset management, insurance and specialized and other financial activities throughout the world.

The BNP Paribas Group, one of Europe's leading providers of banking and financial services, has four domestic retail banking markets in Europe, namely in Belgium, France, Italy and Luxembourg.

It operates in 71 countries and has more than 197,000 employees, including nearly 150,000 in Europe. BNP Paribas holds key positions in its two main businesses:

- Retail Banking and Services, which includes:
  - Domestic Markets, comprising:
    - French Retail Banking (FRB),
    - BNL banca commerciale (BNL bc), Italian retail banking,
    - Belgian Retail Banking (BRB),
    - Other Domestic Markets activities including Arval, BNP Paribas Leasing Solutions, Personal Investors, Nickel and Luxembourg Retail Banking (LRB);
  - International Financial Services, comprising:
    - Europe-Mediterranean,
    - BancWest,
    - Personal Finance,
    - Insurance,
    - Wealth and Asset Management;
  - Corporate and Institutional Banking (CIB):
    - Corporate Banking,
    - Global Markets,
    - Securities Services.

BNP Paribas SA is the parent company of the BNP Paribas Group.

At 30 September 2020, the BNP Paribas Group had consolidated assets of €2,595 billion (compared to €2,165 billion at 31 December 2019), consolidated loans and receivables due from customers of €811 billion (compared to €806 billion at 31 December 2019), consolidated items due to customers of €966 billion (compared to €835 billion at 31 December 2019) and shareholders' equity (Group share) of €111.8 billion (compared to €107.5 billion at 31 December 2019).

At 30 September 2020, pre-tax income was €7.6 billion (compared to €8.9 billion as at 30 September 2019). Net income, attributable to equity holders, for the first nine months 2020 was €5.5 billion (compared to €6.3 billion for the first nine months 2019).

At the date of this Prospectus, the BNP Paribas Group currently has Long Term Senior Preferred debt ratings of "A+" with negative outlook from S&P, "Aa3" with stable outlook from Moody's Investors Service, Inc. and "AA-" with negative outlook from Fitch Ratings, Ltd and "AA (low)" with stable outlook from DBRS.

The information contained in this section relates to and has been obtained from BNP Paribas. The information concerning BNP Paribas and the BNP Paribas Group contained herein is furnished solely to provide limited introductory information regarding BNP Paribas and the BNP Paribas Group and does not purport to be comprehensive.

The delivery of the information contained in this section shall not create any implication that there has been no change in the affairs of BNP Paribas or the BNP Paribas Group since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

For up-to-date financial information, including quarterly results since the last fiscal year end, please refer to <http://invest.bnpparibas.com/en>.

## DTC CUSTODIAN

U.S. Bancorp (the **Company**) is a multi-state financial services holding company headquartered in Minneapolis, Minnesota. U.S. Bancorp was incorporated in Delaware in 1929 and operates as a financial holding company and a bank holding company under the Bank Holding Company Act of 1956. U.S. Bancorp provides a full range of financial services, including lending and depository services, cash management, capital markets, and trust and investment management services. It also engages in credit card services, merchant and ATM processing, mortgage banking, insurance, brokerage and leasing.

U.S. Bancorp's banking subsidiary, U.S. Bank National Association, is engaged in the general banking business, principally in domestic markets. U.S. Bank National Association, with \$356 billion in deposits at December 31, 2018, provides a wide range of products and services to individuals, businesses, institutional organizations, governmental entities and other financial institutions. Commercial and consumer lending services are principally offered to customers within the Company's domestic markets, to domestic customers with foreign operations and to large national customers operating in specific industries targeted by the Company. Lending services include traditional credit products as well as credit card services, lease financing and import/export trade, asset-backed lending, agricultural finance and other products. Depository services include checking accounts, savings accounts and time certificate contracts. Ancillary services such as capital markets, treasury management and receivable lock-box collection are provided to corporate customers. U.S. Bancorp's bank and trust subsidiaries provide a full range of asset management and fiduciary services for individuals, estates, foundations, business corporations and charitable organizations.

Other U.S. Bancorp non-banking subsidiaries offer investment and insurance products to the Company's customers principally within its domestic markets, and fund administration services to a broad range of mutual and other funds.

Banking and investment services are provided through a network of 3,018 banking offices principally operating in the Midwest and West regions of the United States, through on-line services and over mobile devices. The Company operates a network of 4,681 ATMs and provides 24-hour, seven day a week telephone customer service. Mortgage banking services are provided through banking offices and loan production offices throughout the Company's domestic markets. Lending products may be originated through banking offices, indirect correspondents, brokers or other lending sources. The Company is also one of the largest providers of corporate and purchasing card services and corporate trust services in the United States. A wholly-owned subsidiary, Elavon, Inc. (**Elavon**), provides domestic merchant processing services directly to merchants and through a network of banking affiliations. Wholly-owned subsidiaries, and affiliates of Elavon, provide similar merchant services in Canada, Mexico and Europe. The Company also provides corporate trust and fund administration services in Europe.

## U.S. PAYING AGENT

U.S. Bancorp (the **Company**) is a multi-state financial services holding company headquartered in Minneapolis, Minnesota. U.S. Bancorp was incorporated in Delaware in 1929 and operates as a financial holding company and a bank holding company under the Bank Holding Company Act of 1956. U.S. Bancorp provides a full range of financial services, including lending and depository services, cash management, capital markets, and trust and investment management services. It also engages in credit card services, merchant and ATM processing, mortgage banking, insurance, brokerage and leasing.

U.S. Bancorp's banking subsidiary, U.S. Bank National Association, is engaged in the general banking business, principally in domestic markets. U.S. Bank National Association, with \$356 billion in deposits at December 31, 2018, provides a wide range of products and services to individuals, businesses, institutional organizations, governmental entities and other financial institutions. Commercial and consumer lending services are principally offered to customers within the Company's domestic markets, to domestic customers with foreign operations and to large national customers operating in specific industries targeted by the Company. Lending services include traditional credit products as well as credit card services, lease financing and import/export trade, asset-backed lending, agricultural finance and other products. Depository services include checking accounts, savings accounts and time certificate contracts. Ancillary services such as capital markets, treasury management and receivable lock-box collection are provided to corporate customers. U.S. Bancorp's bank and trust subsidiaries provide a full range of asset management and fiduciary services for individuals, estates, foundations, business corporations and charitable organizations.

Other U.S. Bancorp non-banking subsidiaries offer investment and insurance products to the Company's customers principally within its domestic markets, and fund administration services to a broad range of mutual and other funds.

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## **CORPORATE SERVICES PROVIDER**

Wilmington Trust SP Services (London) Limited (registered number 02548079), having its principal address at Third Floor, 1 King's Arms Yard, London EC2R 7AF, will be appointed to provide corporate services to the Issuer and Holdings pursuant to the Corporate Services Agreement.

Wilmington Trust SP Services (London) Limited has served and is currently serving as corporate service provider for numerous securitisation transactions and programmes involving pools of mortgage loans.

The Corporate Services Provider will be entitled to terminate its respective appointment under the Corporate Services Agreement on 30 days' written notice to the Issuer, the Security Trustee and each other party to the Corporate Services Agreement, provided that a substitute corporate services provider has been appointed on substantially the same terms as those set out in the Corporate Services Agreement.

The Issuer or, following delivery of a Note Acceleration Notice, the Security Trustee can terminate the appointment of the Corporate Services Provider on 30 days' written notice so long as a substitute corporate services provider has been appointed on substantially the same terms as those set out in the Corporate Services Agreement.

In addition, the appointment of the Corporate Services Provider may be terminated immediately upon notice in writing given by the Issuer or, following delivery of a Note Acceleration Notice, the Security Trustee, if the Corporate Services Provider breaches its obligations under the terms of the Corporate Services Agreement and/or certain insolvency-related events occur in relation to the Corporate Services Provider.

## **THE COLLATERAL ACCOUNT BANK**

Elavon Financial Services DAC, trading as U.S. Bank Global Corporate Trust, is an integral part of the worldwide corporate trust business of the U.S. Bancorp group. In Europe, U.S. Bank Global Corporate Trust conducts business through Elavon Financial Services DAC from its offices in Dublin at Building 8, Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland D18 W319 and through its UK Branch in London at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

Elavon Financial Services DAC is a bank incorporated in Ireland and a wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services DAC is authorised by the Central Bank of Ireland and the activities of its UK Branch are also subject to the limited regulation of the UK Financial Conduct Authority and Prudential Regulation Authority.

In Europe, the corporate trust business is conducted in combination with U.S. Bank Global Corporate Trust Limited (the legal entity through which certain corporate trust agency appointments are conducted), U.S. Bank Trustees Limited (the legal entity through which corporate trust trustee appointments are conducted) and U.S. Bank National Association (the legal entity through which corporate trust conducts business in the United States).

The corporate trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The corporate trust business provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at [www.usbank.com](http://www.usbank.com).

## THE LOANS

### The Portfolio

#### Introduction

The following is a description of some of the characteristics of the Loans originated by the Seller and comprised in the Cut-Off Date Portfolio including details of loan types, the underwriting process, lending criteria and selected statistical information.

The Seller will select the Loans for transfer into the Initial Portfolio using a system containing defined data on each of the qualifying loans in the Seller's overall portfolio of loans available for selection. This system allows the setting of exclusion criteria corresponding to, *inter alia*, relevant Loan Warranties that the Seller makes in the Mortgage Sale Agreement in relation to the Loans (see "Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties"). This system also allows a limit to be set on some criteria. Once the criteria have been determined, the system identifies all loans owned by the Seller that are consistent with the criteria. From this subset, loans are selected at random until the target balance for Loans has been reached, or the subset has been exhausted. After a pool of Loans is selected in this way, the constituent Loans are monitored to ensure their compliance with the Loan Warranties on the Closing Date.

The Loans in the Initial Portfolio were not selected with the aim of rendering losses on the Loans sold to the Issuer, measured over a period of four years, higher than the losses over the same period on comparable assets held on the balance sheet of Accord.

Unless otherwise indicated, the description that follows relates to types of loans that have been or could be sold to the Issuer as part of the Portfolio as at the Closing Date.

Any Loans sold to the Issuer on the Closing Date will be selected from the Cut-Off Date Portfolio.

In addition, during the Further Sale Period, the Seller may sell Additional Loans to the Issuer on any Further Sale Date. The Loan Warranties in respect of such Additional Loans (other than any Additional Loans repurchased by the Seller on the Interest Payment Date immediately following the relevant Further Sale Date) will be given on the Interest Payment Date immediately following the relevant Further Sale Date. See "Summary of the Key Transaction Documents – Mortgage Sale Agreement".

In addition, the Seller or the Servicer (on behalf of the Seller) may offer a Borrower under a Loan comprised in the Portfolio, or a Borrower may request, a Product Switch. If this occurs the loan which the original Loan is switched into may have mortgage terms different from those Loans forming the Portfolio (including characteristics that are not currently being offered to Borrowers or that have not yet been developed) and may have been originated according to different Lending Criteria. All Product Switches will be required to comply with the Asset Conditions set out in the Mortgage Sale Agreement on their Switch Date. The material warranties in the Mortgage Sale Agreement to be given as at the Closing Date (or, in respect of the relevant Additional Loans, as at the Interest Payment Date immediately following the relevant Further Sale Date) and the Asset Conditions (which include satisfaction of the warranties) which must be met on each Switch Date are described in this Prospectus. See "Summary of the Key Transaction Documents – Mortgage Sale Agreement".

The Seller is not permitted to sell new Loans to the Issuer at any time after it ceases to originate new loans that are capable of meeting the predetermined credit quality requirements set out in the Mortgage Sale Agreement and complying in all material respects with the Loan Warranties.



## Characteristics of the Loans

### (1) Repayment Terms

Loans may combine one or more of the features listed in this section. Other customer incentives may be offered with the product, for example, free valuations and payment of legal fees. Additional features such as payment deferrals (temporary suspension of monthly payments) and the ability to make underpayments are also available to borrowers under certain circumstances on selected products. Overpayments are allowed on all products, within certain limits. See "Overpayments, Underpayments, Payment Deferrals, Restructurings and Credit Arrears Positions" and "Underpayment Option" below.

Loans in the Initial Portfolio are **Repayment Loans**, whereby the Borrower makes monthly payments of both interest and principal so that, when the Loan matures, the full amount of the principal of the Loan will have been repaid and **Interest-Only Loans**, whereby the Borrower makes monthly payments of Interest-Only during the term of the Loan;

The required accrued rate of interest on the Loans will vary from month to month as a result of changes in interest rates. However, as a result of the operation of the Annual Review (as to which see "Annual Interest Rate Review" below) the amount paid by a Borrower in respect of its Monthly Payment will only change on an annual basis.

Principal prepayments may be made in whole or in part at any time during the term of a Loan, subject to the payment of any Early Repayment Charges (as described in "Early Repayment Charges" below). A prepayment of the entire outstanding balance of 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:

- (a) direct debit instruction from a bank or building society account; and
- (b) standing order from a bank or building society account.

### (2) *Interest payments and interest rate setting*

The Seller has responded to the competitive mortgage market by developing a range of products that are used to attract new borrowers and retain existing customers. Interest on the Loans is charged on one of the following bases and the Seller is able to combine these to suit the requirements of the Borrower:

- (a) **SVR Loans** are Loans which are subject to the **Standard Variable Rate** or **SVR**, including Discounted SVR Loans. As at the Closing Date, the Seller's Discretionary Rate is SVR 4.49%.
- (b) **Discounted SVR Loans** are Loans which are subject to an interest rate at a discount to the Seller's SVR.
- (c) **Reversionary Discount Loans** are Fixed Rate Loans that will subsequently become Discounted SVR Loans.
- (d) **Fixed Rate Loans** are Loans which are subject to a fixed rate of interest for a specified period of time, usually, but not exclusively, for two, three or five years.
- (e) **Capped Rate Loans** are Loans or any sub-account(s) of such Loans to the extent that and for such period that their Mortgage Conditions provide that they are subject to a rate of

interest which may at any time be varied in accordance with the relevant Mortgage Conditions, but where the interest rate cannot exceed a predetermined level or cap (and shall, for the avoidance of doubt, exclude Loans or any sub-account(s) of such Loan during the period that they are Fixed Rate Loans or Discounted SVR Loans)

The Seller Standard Variable Rate and some fixed rates may apply for the life of the Loan. Otherwise, each of the above rates is offered for a predetermined period, usually between two and five years, but in some cases up to fifteen years. Fixed rates and some discounted SVR rates are typically offered at the commencement of the Loan (the **Product Period**). At the end of the Product Period, the rate of interest charged will either (a) move to some other interest rate type, such as a discounted SVR rate or a capped rate, for a predetermined period or (b) revert to, or remain at, the Discretionary Rate (which at the Closing Date is SVR), a fixed rate of interest or to some other interest rate type. The Seller may introduce other or alter the Discretionary Rate in the future. In certain instances, early repayment charges are payable by the Borrower if the Loan is redeemed within the Product Period. See "Early Repayment Charges" below.

All loans originated by the Seller provide for interest to be calculated on a daily basis. The interest calculated at the end of each day on the outstanding balance of the loan is added to the amount of the loan on which the Borrower will pay interest the following day. Consequently, any payment by the Borrower will immediately reduce the Borrower's balance on which interest will be calculated the following day.

Except in limited circumstances as set out in "Summary of the Key Transaction Documents – Servicing Agreement – Undertakings by the Servicer", the Servicer is responsible for setting the Discretionary Rates on the Loans in the Portfolio that are sold to the Issuer. Under the 2016 version of the Mortgage Loan Terms, the Seller has a right to vary the interest rate (where they reasonably believe the increase (which will be reasonable and proportionate)) is needed for any one or more of the following reasons:

- (a) to take account of, any change in the costs reasonably incurred by the Seller in managing its mortgage business and in particular providing and administering its mortgage accounts;
- (b) to take account of, changes or anticipated changes in the law or the interpretation of the law, regulatory requirements, decisions or recommendations of an ombudsman, regulator or similar person, or any code of practice applicable to the conduct of the Seller's business;
- (c) to take account of, changes to the cost of money which the Seller has to borrow from time to time in order to finance its lending;
- (d) to take account of, changes in the Bank of England base rate or the nearest equivalent rate set by the Bank of England or any body which may, in the future, take over responsibility for interest rate setting from the Bank of England;
- (e) to take account of, changes in interest rates charged by the Seller's competitors in the mortgage industry;
- (f) to reflect a change in the credit risk in relation to the Seller's mortgage loans generally; and
- (g) to enable the Seller to manage its business (and its growth) prudently.

These reasons may relate to circumstances existing at the time or which the Seller reasonably expects to apply in the near future.

If the Seller wishes to increase the interest rate applicable to an SVR Loan or a Discounted SVR Loan, the Seller will notify Borrowers of the change by advertisement or personally either before or as soon as possible after the increase is to take effect. If the Borrower does not agree to the increase, they may repay the loan but if they do so they may incur early repayment charges and other charges. Such change will however, in

practice, only result in a change in the Monthly Payments made by a Borrower as a result of and following the next following Annual Review.

In addition to changes to the Discretionary Rates there may be circumstances where the Seller charges more interest to the Borrower as a result of action by the Borrower. For example, the rate of interest charged to a Borrower would rise by 1% for authorised lettings and 1.15% for unauthorised lettings of the property by the Borrower. During the course of its mortgage origination business, the Seller has originated mortgage loans since April 2003 under a number of standard conditions, however, the November 2016 Loan Terms represent the most recent origination policy of the Seller relating to the Loans comprised in the Cut-Off Date Portfolio and dictate the specified reasons to change the interest rate.

### **(3) Early Repayment Charges**

The Borrower may be required to pay an early repayment charge (an **Early Repayment Charge**) if certain events occur during the predetermined Product Period and the loan agreement states that the Borrower is liable for Early Repayment Charges and the Seller has not waived or revised its policy with regard to the payment of Early Repayment Charges. These events include a full or partial unscheduled repayment of principal, or an agreement between the Seller and the Borrower to switch to a different mortgage product. If all or part of the principal owed by the Borrower, other than the scheduled monthly payments, is repaid before the end of the Product Period or the Borrower switches to another product, the Borrower may be liable to pay to the Seller a repayment fee based on the amount repaid or switched to another product. If the Borrower has more than one product attached to the mortgage loan, the Borrower may choose under which product the principal should be allocated.

The Seller permits Borrowers during a fixed/special rate period to make a lump sum repayment to reduce the loan amount in each 12-month period up to a maximum of 10%, 50% or 99.9% (depending on the product type) of the balance outstanding on the loan amount without incurring an Early Repayment Charge.

If the Borrower repays its mortgage during an Early Repayment Charge period to move house, the Borrower may not have to pay the charge if the Borrower takes out a new loan for the new home with the Seller, subject to certain qualifying criteria.

Some mortgage products do not include any provisions for the payment of an Early Repayment Charge by the Borrower.

### **(4) Overpayments, Underpayments, Payment Deferrals, Restructurings and Credit Arrears Positions**

Delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment deferrals, losses, charge offs, recoveries and other asset performance remedies are defined in accordance with the Servicer's servicing policies and procedures.

**Overpayments** – Overpayments are allowed on all products, although an Early Repayment Charge may be payable (as described in "Early Repayment Charges" above). Borrowers may either increase their regular monthly payments above the normal monthly payment then applicable or make lump sum payments at any time.

Since interest is calculated on a daily basis; if Borrowers pay more than the scheduled monthly payment, the balance on their mortgage loan will be reduced. The Seller will charge interest on the reduced balance, which reduces the amount of interest the Borrower must pay.

**Underpayments and Payment Holidays** – Some products have an underpayment and payment holiday feature where the Borrower can apply to defer monthly payments or apply to underpay. The terms of the

mortgage loans provide that the Borrower can (with Accord's prior written approval) make underpayments or take payment holidays for as long as there is an Overpayment Reserve which is equal to or greater than the proposed underpayment or stopped payments. In some instances, approval may also be subject to conditions set by Accord from time to time. For the avoidance of doubt, any underpayment made in connection with a Covid-19 Payment Deferral Loan shall not constitute an Underpayment Option (for so long as the payment holiday is subsisting in relation to any such Loan). See "Underpayment Option" below.

**Restructurings** – Accord offers a range of forbearance options to support customers in or facing financial difficulty based on their individual circumstances, including promise to pay agreements, arrangement plans and term extensions. Payment plans are reviewed regularly with Borrowers, and Accord does not alter an agreed plan until such plan is reviewed with the Borrower, unless the Borrower requests a change or there is a significant change in circumstances.

#### **(5) Further Advances**

If a Borrower wishes to take out a further loan secured by the same mortgage or standard security, the Borrower will need to make a further advance application and the Seller will use the lending criteria applicable to further advances at that time in determining whether to approve the application. The original mortgage deed or standard security is expressed to cover all amounts due under the relevant loan which would cover any Further Advances. (See "Risk Factors – Risks Relating to the Underlying Assets – Further Advances, Product Switches and Underpayment Options").

Some Loans in the Portfolio may have Further Advances made on them prior to their being sold to the Issuer on the Closing Date.

If a Loan is subject to a Further Advance after being sold to the Issuer, the Seller (or, as applicable, YBS or one of its subsidiaries) will be required to repurchase the Loan and its Related Security from the Issuer to the extent that the Issuer does not have sufficient funds from the Principal Ledger or from a drawing under the Class Z VFN to fund the purchase of such Further Advance.

(See "Risk Factors – Risks Relating to the Underlying Assets – Further Advances, Product Switches and Underpayment Options").

#### **(6) Product Switches**

From time to time, Borrowers may request or the Servicer may send an offer of a variation in the financial terms and conditions applicable to the Borrower's loan. In limited circumstances, if a Loan is subject to a Product Switch as a result of a variation, then the Seller (or, as applicable, YBS or one of its subsidiaries) may be required to repurchase the Loan or Loans and their Related Security from the Issuer. (See "Summary of the Key Transaction Documents – General – Further Advances, Product Switches and Underpayment Options").

#### **(7) Underpayment Option**

From time to time, Borrowers whose account has an Overpayment Reserve may request to exercise an Underpayment Option. If a Loan is subject to an Underpayment Option in an amount greater than £25, then the Seller (or, as applicable, YBS or one of its subsidiaries) may be required to repurchase the related Loan or Loans and their Related Security from the Issuer. For the avoidance of doubt, any underpayment made in connection with a Covid-19 Payment Deferral Loan shall not constitute an Underpayment Option (for so long as the payment deferral is subsisting in relation to any such Loan). (See "Risk Factors – Risks Relating to the Underlying Assets – Further Advances, Product Switches and Underpayment Options").

## Annual Interest Rate Review

In respect of floating rate Loans, the terms and conditions of the Loans provide that a Borrower's monthly payments in respect of their mortgage will remain fixed (the **Fixed Monthly Amount**) for a period of 12 months (each, a **Fixed Payment Period**) irrespective of any interest rate changes during such period. The amount of a Borrower's Fixed Monthly Amount will only vary on an annual basis in accordance with the terms of an annual interest rate review (the **Annual Review**) (although a Borrower may opt out of the Annual Review).

During any Fixed Payment Period, although a Borrower's monthly payments remain fixed, the Loan will continue to accrue interest at the **Accrual Rate** (being the actual rate of interest chargeable on a Loan as determined on a daily basis). The difference between the amounts calculated using the Accrual Rate (the **Monthly Accrual Amount**) and the Fixed Monthly Amount will be taken into account during the Annual Review in recalculating the Fixed Monthly Amounts due by Borrowers during the next Fixed Payment Period.

If, due to decreasing interest rates, the aggregate Fixed Monthly Amounts paid by a Borrower during a Fixed Payment Period is greater than the aggregate Monthly Accrual Amounts due in respect of their Loan during such period, then, in effect, the Borrower has overpaid during such Fixed Payment Period. During the next Annual Review, the Borrower's Fixed Monthly Amount will be recalculated taking into account the overpayments made during the previous Fixed Payment Period which may result in lower Fixed Monthly Amounts being due from the Borrower during the next Fixed Payment Period.

If, due to increasing interest rates, the aggregate Fixed Monthly Amounts paid by a Borrower during a Fixed Payment Period is less than the aggregate Monthly Accrual Amounts due in respect of their Loan (the **Contractual Difference**) during such period, then, in effect, the Borrower has underpaid during such Fixed Payment Period. The amount of such Contractual Difference will be capitalised and added to the outstanding balance of the Loan on each monthly payment date under the relevant Loan. During the next Annual Review, the Borrower's Fixed Monthly Amounts will be recalculated taking into account the Contractual Difference during the previous Fixed Payment Period which will result in higher Fixed Monthly Amounts being due from the Borrower during the next Fixed Payment Period (and potentially over future Fixed Payment Periods).

## Origination channels

The Seller currently derives the majority of its mortgage-lending business through a network of intermediaries throughout the United Kingdom (except for certain loan-related features, such as Further Advances, which are originated directly by the Seller) and from internet and telephone sales.

Once an application for a mortgage loan is received from a prospective new customer (through whichever origination channel) it is processed by the channel staff and the Servicer's New Business Department. The details of the application are entered into the Servicer's relevant computer system, and arrangements are made to obtain such references and/or other proof of income, valuation, survey or other evidence of value (if any and as appropriate) that may be required by the Seller under its lending policy. A mortgage offer may then be issued to the prospective new customer and instructions are despatched to the relevant solicitor or licensed or qualified conveyancer to investigate title and issue a report on the same to the Seller. Once a satisfactory certificate of title has been received (if appropriate) and no other matters in relation to the application are outstanding, mortgage funds can be released to the solicitor or licensed or qualified conveyancer.

The Seller is subject to the FSMA, MCOB (and other rules under the FSMA) and the Financial Ombudsman Service, which is a statutory scheme under the FSMA.

## Underwriting

The underwriting approach of the Seller has changed over time. Loans in the Portfolio may have been originated in accordance with different underwriting criteria from those set out here, depending on their date of origination.

The lending assessment undertaken by the Seller is made with reference to a number of components including:

- (a) credit score: calculation of propensity to default based on a combination of customer supplied, internal performance and credit bureau data; and
- (b) affordability: calculation of an individualised lending amount that reflects the applicant's income net of tax, credit commitments and assumed living expenses, which vary according to income, number of applicants and dependants. However, some older Loans in the Portfolio will not take specific account of credit commitments and assumed living expenses.

All mortgage applications are currently manually underwritten by an underwriter that has an appropriate mandate. The level of mandate that an underwriter has is dependent upon their experience and performance, and is monitored on an ongoing basis. Some underwriters have a mandate to approve applications outside of the YBS Group's Lending Standards providing that the application meets the YBS Group's lending principles and the underwriter provides supporting rationale. No underwriter has a mandate to step outside of the YBS Group's Policy rules or Mandatory Standards. All underwriters retain the right to decline applications and ask for additional supporting verification, regardless of the minimum standards set out in the lending criteria.

Quality control checks are performed on all underwriters by an independent team within the Operational Risk & Control function. This is a risk based sample of all lending and whilst it will report errors at individual underwriter level, it is aimed at providing a view of the lending risk on the book, and not underwriter competency. To support assessment of competency, underwriters are part of a defined Training & Competency Scheme which sets out minimum oversight requirements. These checks are completed by their line manager, or another suitably qualified alternative. The number of checks that are performed on each underwriter depends on the respective underwriter's experience and performance.

## Lending Criteria

On the Closing Date (and in respect of Additional Loans, on the Interest Payment Date immediately following the relevant Further Sale Date), the Seller will represent that each Loan being sold to the Issuer was originated according to the lending criteria of the Seller at the time the Loan was offered (the **Lending Criteria**), in all material respects, subject only to exceptions made on a case-by-case basis as would be acceptable to a Reasonable, Prudent Mortgage Lender. Policy and risk appetite varies in line with a number of internal and external factors, in particular expectations of the housing market and wider economy and the Seller retains the right to revise its lending criteria from time to time, so the criteria applicable to any Loans which are the subject of a Further Advance, Product Switch or an Underpayment Option may not be the same as those currently used or used at the time of the Initial Advance in relation to such mortgage loan.

The summary below and in this Prospectus reflects the lending criteria applied for originations as at the date of this Prospectus. The Seller's current policy reflects the uncertainty of the economy and in certain areas is more restrictive than the historic lending criteria.

**(1) Type of property**

Properties may be either freehold (or the Scottish equivalent) or leasehold or commonhold. In the case of leasehold properties, there must be at least 85 years left on inception of the mortgage. The property must be used solely as a single residential dwelling. Properties must be of good quality, in sound structural condition and in a reasonable state of repair. House boats, mobile homes, and any property on which buildings insurance cannot be arranged are not acceptable. All persons who are to be legal owners of the property on completion must be named as Borrowers under the Mortgage.

All properties have been valued by a valuer approved by the Seller. Further Advances may (but will not in all circumstances) have been assessed using house price index statistics or other evidence, including the relevant Borrower's estimate of value, to the standards of a Reasonable, Prudent Mortgage Lender.

**(2) Term of loan**

The minimum term of a loan is generally five years for new residential mortgages and home owner loans. The maximum term for residential loans is generally 40 years. A repayment period for a Further Advance that would extend beyond the term of the original advance may also be accepted at the Seller's discretion. However, Further Advances may only be sold to the Issuer subject to the Asset Conditions being met on the relevant Advance Date.

**(3) Details of applicant**

All Borrowers must be aged 18 years or over and the mortgage term must normally end before the Borrower reaches 80. If the Borrower is within ten years of planned retirement and the mortgage term will extend into the borrower's retirement, the Seller will consider the Borrower's income in retirement within the affordability assessment. If the Seller determines the Borrower will not be able to afford the mortgage into retirement, the application will be declined.

The maximum number of applicants on any one residential mortgage application is two.

Under the Seller's current Lending Criteria, to be accepted for a mortgage, generally all applicants must be UK or EU nationals or non-UK/EU nationals who have been resident in the UK for the last 12 months and have a permanent right to reside in the UK. For earlier originations, borrowers had to have a legal right to reside in the UK but the length of that right varied.

**(4) Loan to value (or LTV) ratio**

Normally, the maximum original LTV ratio of loans in the Portfolio would be 90%. Where fees were added to the loan, they may have taken the total lending over the specified LTV limit.

When the Seller makes a loan on a property which requires repairs, the property is either valued on a "when done" basis and the loan retained until works have been completed, or if the property is acceptable security in its existing condition, it may be valued on that basis and the loan released prior to works commencing.

**(5) Status of applicant(s)**

Lending assessment is currently made using the lending system outlined in the underwriting section.

*Employed applicant(s):*

Where an applicant is in PAYE employment and the income of that applicant is required to support the loan, the Seller generally requires the applicant to be in a permanent position and not under notice of termination. However, fixed term/temporary workers are accepted where the applicant meets certain minimum

requirements. The Seller requires with certain limited exceptions either the employer's reference or pay slips as evidence of income.

*Self-Employed Applicant(s):*

The applicant must have been trading for at least two years. The Seller requires with certain limited exceptions evidence of income (for example, accounts, accountant's projections, tax assessments or other suitable evidence).

**(6) Credit history**

The current policy is as follows:

*Credit search:*

A credit search is carried out in respect of all new applicants (and in relation to Further Advances, to existing Borrowers) with a bureau of the Seller's choice at a level of the Seller's choice.

With certain limited exceptions approved by the Seller acting as a Reasonable, Prudent Mortgage Lender (including loans to existing borrowers and investors), all applications must pass the Seller's credit score test which will be carried out at the same time as the credit search. Applications may be declined where an adverse credit history is revealed (for example, certain unsatisfied or material (in quantum) county court judgments (or the Scottish equivalent) and bankruptcy notices).

*Existing lender's reference:*

Any reference must satisfy the Seller that the account has been properly conducted and that no history of material arrears exists.

*Applicants in rented accommodation:*

Where applicants currently reside in rented accommodation, the seller may seek sight of a bank statement or rent record book.

**(7) Bank reference/Proof of income**

Subject to the results of the Seller's credit score test (where applied) and subject to certain exceptions applied by the Seller acting as a Reasonable, Prudent Mortgage Lender in accordance with the Seller's practice and procedures from time to time, the Seller will seek and review satisfactory bank statements and references from existing or previous lenders. Additionally, under the current policy, the Seller will require applicants to produce pay slips or similar documentation to prove income received. A formal reference may be requested from the applicant's employer. If the applicant is self-employed, normally a reference from a qualified accountant will be obtained.

**(8) Scorecard**

Under the current policy, the Seller uses some of the criteria described here and various other criteria to produce an overall score for the application that reflects a statistical analysis of the risk of advancing the mortgage loan. The lending policies and processes are determined centrally to ensure consistency in the management and monitoring of credit risk exposure. Full use is made of software technology in credit scoring new applications. Credit scoring applies statistical analysis to publicly available data and customer-provided data to assess the likelihood of an account going into arrears.



The Seller reserves the right to decline an application that has received a passing score. The Seller does have an appeals process if a potential borrower believes his or her application has been unfairly denied. It is the Seller's policy to allow only authorised individuals to exercise discretion in granting variances from the scorecard.

### **Changes to the underwriting policies and the Lending Criteria**

The Seller's underwriting policies and Lending Criteria were and are subject to change within the Seller's sole discretion. Loans were and are originated by way of exception to the lending criteria where the Seller determined that the exception would have been acceptable to a Reasonable, Prudent Mortgage Lender. Additional Loans, Further Advances, Product Switches and Underpayment Options that are originated under Lending Criteria that are different from the criteria set out here may be sold to the Issuer.

Any material changes from the Seller's prior underwriting policies and Lending Criteria shall be disclosed without undue delay to the extent required under Article 20(10) of the UK Securitisation Regulation.

The assessment of a Borrower's creditworthiness is conducted in accordance with the Lending Criteria and, where appropriate, meets the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.

### **Insurance policies**

#### **(1) *Insurance on the property***

Each mortgaged property is required to be insured with buildings insurance. The property may be insured by the Seller at the expense of the Borrower, or the insurance may be purchased by the Borrower or (in the case of leasehold property) by a landlord or by a property management company. If the Seller becomes aware that no adequate insurance is in place, it has the power to arrange insurance on the property and charge the premiums for this to the Borrower's mortgage account.

Subject as set out above, the Seller only insures a property once it has repossessed the property from a defaulting Borrower.

#### **(2) *Borrower-arranged buildings insurance***

The Seller requires that a Borrower maintains home insurance for the duration of the mortgage and the Borrower's solicitor checks that such insurance is in place at the time when the mortgage commences. The Seller issues warnings on each annual statement to Borrowers that home insurance must be in place. The Seller maintains a policy which indemnifies them for any losses incurred due to the failure of a Borrower to maintain home insurance.

#### **(3) *Title and Search insurance***

Search insurance is obtained in some instances on remortgage cases, in these instances a solicitor does not undertake a local search. Local searches are undertaken on all new mortgages.

Title insurance is obtained in respect of certain limited title defects (e.g. restrictive covenants, absence of rights of way) from all solicitors on new mortgages and remortgages. An investigation of title is always undertaken and insurance obtained if an investigation of title has taken place and a defect discovered.

## **Arrears policy**

The Seller identifies a Loan as being in arrears where any amount remains unpaid on its due payment date. The Borrower will receive an initial arrears letter from the Seller where the arrears are equal to or greater than £100 or one month in arrears (whichever the smaller in value). Arrears letters are created either seven or ten days after the due payment date, dependent upon the risk categorisation. The Seller will attempt to contact the Borrower initially by letter and then by telephone and text message if such payments remain unpaid. The Seller will upon establishing the Borrower's circumstances offer options specifically tailored to return the account to order, where possible. These options may include, loan modification, concessionary payment and repayment plans. A field agent may also be used to establish contact with a Borrower. Where a satisfactory arrangement cannot be reached or maintained, possession proceedings may be instigated to enable the Seller to enforce its security. Where a Borrower requests payment deferral or underpayment or other action (including payment of Interest-Only) as a result of a Covid-19 related matter, the relevant Loan will not be considered to be in arrears (or further in arrears) during any such period.

## **Other Characteristics**

The Loans comprised in the Cut-Off Date Portfolio as at the Cut-Off Date are homogeneous for purposes of Article 20(8) of the UK Securitisation Regulation, on the basis that all such Loans: (a) have been underwritten by Accord in accordance with similar underwriting standards applying similar approaches with respect to the assessment of a potential borrower's credit risk; (b) are repayment loans or Interest-Only Loans or a combination of both entered into substantially on the terms of similar standard documentation for residential mortgage loans; (c) are serviced by the Servicer pursuant to the Servicing Agreement in accordance with the same servicing procedures with respect to monitoring, collections and administration of cash receivables generated from such Loans; and (d) form one asset category, namely residential loans secured with one or several mortgages on residential immovable property in England, Wales, and Scotland. The Loans comprised in the Cut-Off Date Portfolio as at the Cut-Off Date do not include: (i) any transferable securities for purposes of Article 20(8) of the UK Securitisation Regulation; (ii) any securitisation positions for purposes of Article 20(9) of the UK Securitisation Regulation; or (iii) any derivatives for purposes of Article 21(2) of the UK Securitisation Regulation, in each case on the basis that such Loans have been entered into substantially on the terms of similar standard documentation for residential mortgages loans. The Loans comprised in the Cut-Off Date Portfolio as at the Cut-Off Date will be transferred to the Issuer after selection for inclusion in the Portfolio without undue delay for purposes of Article 20(11) of the UK Securitisation Regulation.

## **Governing law**

Each of the Scottish Loans and the Related Security is governed by Scots law and each of the English Loans and the Related Security is governed by English law.

## **Policies of YBS and its subsidiaries**

YBS is a credit institution and as such is bound by the requirements of the CRD. The policies and procedures of YBS in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation are in compliance with the requirements of the CRD. YBS maintains the same such policies and procedures across its wholly owned subsidiary companies (including the Seller) and as such the policies and procedures of the Seller in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation are also in compliance with the requirements of the CRD.

## CHARACTERISTICS OF THE CUT-OFF DATE PORTFOLIO

The statistical and other information contained in this Prospectus has largely been compiled by reference to certain Loans in a portfolio as at the Cut-Off Date (the **Cut-Off Date Portfolio**). The Cut-Off Date Portfolio will consist of 9,396 Loans originated by the Seller between June 2008 and September 2020 and secured over properties located in England and Wales and Scotland. The Current Balance of the Cut-Off Date Portfolio is £1,834,210,022. The Initial Portfolio has been randomly selected from the Cut-Off Date Portfolio. Columns may not add up to 100% due to rounding. A Loan will be removed from the Cut-Off Date Portfolio if in the period from (and including) the Cut-Off Date up to (but excluding) the Closing Date such Loan is repaid in full or if such Loan does not comply with the Loan Warranties on the Closing Date. Loans will not be removed solely as a result of them becoming Covid-19 Payment Deferral Loans. Except as otherwise indicated, these tables have been prepared using the Current Balance as at the Cut-Off Date, which includes all principal and Accrued Interest for the Loans in the Cut-Off Date Portfolio.

In this section:

**Mortgage Accounts** means the totality of the relevant loans granted by the Seller secured on the same Property and their related Security; and

**Sub-Accounts** means the individual relevant loans granted by the Seller secured on the same Property and their related Security.

Further information in respect of individual loan level data may be obtained on the following website: [www.ybs.co.uk](http://www.ybs.co.uk) or by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the UK Securitisation Regulation and Article 10 of the EU Securitisation Regulation (solely as it applies on the Closing Date, as applicable) by means of the Reporting Websites. The website and the contents thereof do not form part of this Prospectus.

The Issuer makes no representation as to the accuracy of the information sourced from any third party websites (including, without limitation, cash flow models, commentary and other materials). Such third party websites and the contents thereof do not form part of this Prospectus.

### **Original balances as at the Cut-Off Date**

The following table shows the range of Mortgage Account original balances (including capitalised fees and incorporating all Loans secured on the same Property) as at the Cut-Off Date.

Range of original balances (£)	Aggregate Current Balance (£)	% of Total	Number of Mortgage Accounts	% of Total
<50,000	£1,314,020	0.1%	35	0.4%
≥ 50,000 and < 100,000	£147,994,022	8.1%	1,889	20.1%
≥ 100,000 and < 150,000	£311,361,057	17.0%	2,589	27.6%
≥ 150,000 and < 200,000	£271,796,225	14.8%	1,618	17.2%
≥ 200,000 and < 300,000	£365,439,424	19.9%	1,551	16.5%
≥ 300,000 and < 400,000	£313,239,891	17.1%	938	10.0%
≥ 400,000 and < 500,000	£176,334,237	9.6%	405	4.3%
≥ 500,000	£246,731,146	13.5%	371	3.9%
<b>Totals</b> .....	£1,834,210,022	100.0%	9,396	100.0%

The maximum, minimum and average original balance of the Loans as of the Cut-Off Date is £2,000,995, £30,000 and £200,170, respectively.

### Current Balances as at the Cut-Off Date

The following table shows the range of Mortgage Account Current Balances (including capitalised interest and fees and incorporating all Loans secured on the same Property) as at the Cut-Off Date.

Range of Current Balances (£)	Aggregate Current Balance (£)	% of Total	Number of Mortgage Accounts	% of Total
<50,000	£5,013,118	0.3%	118	1.3%
≥ 50,000 and < 100,000	£163,601,863	8.9%	2,017	21.5%
≥ 100,000 and < 150,000	£314,470,717	17.1%	2,543	27.1%
≥ 150,000 and < 200,000	£275,202,783	15.0%	1,594	17.0%
≥ 200,000 and < 300,000	£365,368,842	19.9%	1,503	16.0%
≥ 300,000 and < 400,000	£306,315,664	16.7%	896	9.5%
≥ 400,000 and < 500,000	£172,203,498	9.4%	387	4.1%
≥ 500,000	£232,033,538	12.7%	338	3.6%
<b>Totals</b> .....	<b>£1,834,210,022</b>	<b>100.0%</b>	<b>9,396</b>	<b>100.0%</b>

The maximum, minimum and average Current Balance of the Loans as of the Cut-Off Date is £1,727,852, £5,259 and £195,212, respectively.

The aggregate outstanding principal balance of all Loans to a single Borrower does not exceed 2% of the aggregate outstanding principal balance of all Loans as at the Cut-Off Date.

### Loan to Value Ratios at Origination

The following table shows the range of Loan to Value Ratios or LTV ratios, which express the outstanding balance of the aggregate of Loans (including capitalised fees and incorporating all Loans secured on the same Property) in the Mortgage Accounts (which incorporate all Loans secured on the same Property) as at the Cut-Off Date based on the original amount of the initial advance on the date of origination of the Loan divided by the value of the Property securing the Loans in the Mortgage Account as at that date. The Seller has not revalued any of the mortgaged properties since the date of the origination of the related Loan other than where additional lending has been applied for or advanced, and in certain product switch and re-arrangement application cases (where such case is completed or not). In these cases, the original valuation may have been updated with a more recent valuation. However, the revised valuation has not been used in formulating this data.

Range of LTV Ratios at Origination	Aggregate Current Balance (£)	% of Total	Number of Mortgage Accounts	% of Total
< 45.00%	£93,697,445	5.1%	695	7.4%
≥ 45.00% and < 55.00%	£62,979,258	3.4%	320	3.4%
≥ 55.00% and < 65.00%	£113,131,777	6.2%	522	5.6%
≥ 65.00% and < 75.00%	£231,653,497	12.6%	1,163	12.4%
≥ 75.00% and < 85.00%	£604,873,372	33.0%	2,949	31.4%
≥ 85.00% and < 95.00%	£727,874,674	39.7%	3,747	39.9%
≥ 95.00%	£0	0.0%	0	0.0%
<b>Totals</b> .....	<b>£1,834,210,022</b>	<b>100.0%</b>	<b>9,396</b>	<b>100.0%</b>

The maximum, minimum and average original weighted average Loan to Value Ratio as at the Cut-Off Date of the Loans in the Cut-Off Date Portfolio is 90.00, 5.05 and 77.23%, respectively.

### Current Indexed Loan to Value Ratios

The following table shows the range of Loan to Value Ratios, which are calculated by dividing the Current Balance of a Loan (including capitalised interest and fees and incorporating all Loans secured on the same Property) as at the Cut-Off Date by the indexed latest valuation of the Property (being (i) where the latest recorded valuation of the Property was made prior to 30 June 2016, the indexed valuation of the relevant Property based on the average of the Halifax House Price Index and the Nationwide House Price Index as at 30 June 2016 increased or decreased as appropriate by the increase or decrease in the UK House Price Index since 1 July 2016 or (ii) where the latest recorded valuation of the Property was made on or following 1 July 2016, the latest valuation of that Property increased or decreased as appropriate by the increase or decrease in the UK House Price Index since the date of that latest valuation) securing that Loan at the same date.

Range of Current Indexed LTV Ratios*	Aggregate Current Balance (£)	% of Total	Number of Mortgage Accounts	% of Total
< 45.00%	£122,386,056	6.7%	865	9.2%
≥ 45.00% and < 55.00%	£91,672,087	5.0%	456	4.9%
≥ 55.00% and < 65.00%	£153,821,671	8.4%	775	8.2%
≥ 65.00% and < 75.00%	£345,633,591	18.8%	1,711	18.2%
≥ 75.00% and < 85.00%	£915,955,482	49.9%	4,546	48.4%
≥ 85.00% and < 95.00%	£204,741,134	11.2%	1,043	11.1%
≥ 95.00%	£0	0.0%	0	0.0%
<b>Totals</b> .....	<b>£1,834,210,022</b>	<b>100.0%</b>	<b>9,396</b>	<b>100.0%</b>

\* Most recent property valuation was indexed based on quarterly data as at 30 November 2020.

The maximum, minimum and weighted average current indexed Loan to Value Ratio as at the Cut-Off Date of all the Loans (including capitalised interest and fees and incorporating all Loans secured on the same Property) is 89.81, 0.78 and 73.04%, respectively.

### Current Unindexed Loan to Value Ratios

The following table shows the range of Loan to Value Ratios, which are calculated by dividing the Current Balance of a Loan as at the Cut-Off Date by the latest full valuation or Desktop Valuation prior to the Cut-Off Date of the Property securing that Loan.

Range of current Unindexed LTV Ratios	Aggregate Current Balance (£)	% of Total	Number of Mortgage Accounts	% of Total
< 45.00%	£105,711,149	5.8%	786	8.4%
≥ 45.00% and < 55.00%	£77,440,368	4.2%	386	4.1%
≥ 55.00% and < 65.00%	£143,252,919	7.8%	691	7.4%
≥ 65.00% and < 75.00%	£294,363,579	16.0%	1,457	15.5%
≥ 75.00% and < 85.00%	£850,129,986	46.3%	4,120	43.8%
≥ 85.00% and < 95.00%	£363,312,021	19.8%	1,956	20.8%
≥ 95.00%	£0	0.0%	0	0.0%
<b>Totals</b> .....	<b>£1,834,210,022</b>	<b>100.0%</b>	<b>9,396</b>	<b>100.0%</b>

The maximum, minimum and weighted average current unindexed Loan to Value Ratio as at the Cut-Off Date of all the Loans (including capitalised interest and fees and incorporating all Loans secured on the same Property) is 89.94, 0.83 and 75.39%, respectively.

### Arrears Analysis of Non-Repossessed Mortgage Accounts

Month(s) in Arrears*	Aggregate Current Balance (£)	% of Total	Number of Mortgage Accounts	% of Total
0	£1,834,210,022	100.0%	9,396	100.0%
1	£0	0.0%	0	0.0%
2	£0	0.0%	0	0.0%
3	£0	0.0%	0	0.0%
4	£0	0.0%	0	0.0%
5	£0	0.0%	0	0.0%
6+	£0	0.0%	0	0.0%
<b>Totals</b> .....	<b>£1,834,210,022</b>	<b>100.0%</b>	<b>9,396</b>	<b>100.0%</b>

\* Arrears are calculated in accordance with standard market practice in the UK. A mortgage is identified as being in arrears when, on any due date, the overdue amounts which were due on previous due dates equal, in the aggregate, one or more full monthly payments. In making an arrears determination, the servicer calculates as of the date of determination the difference between the sum of all monthly payments that were due and payable by a borrower on any due date up to that date of determination (less the aggregate amount of all authorised underpayments made by such borrower up to such date of determination) and the sum of all payments actually made by that borrower up to that date of determination. If the result arrived at by dividing that difference (if any) by the amount of the required monthly payment equals or exceeds one the loan is deemed to be in arrears. Arrears classification is determined based on the number of full monthly payments that have been missed. A borrower that has missed payments that in the aggregate equal or exceeding two monthly payments (but for which the aggregate of missed payments is less than three monthly payments) would be classified as being between two – three months in arrears, and so on.

### Geographical Distribution

The following table shows the distribution of Properties securing the Loans throughout England and Wales and Scotland as at the Cut-Off Date. No properties are situated outside England or Wales or Scotland.

Region	Aggregate Current Balance (£)	% of Total	Number of Mortgage Accounts	% of Total
East Anglia	£79,312,922	4.3%	407	4.3%
East Midlands	£123,928,552	6.8%	643	6.8%
North East	£83,508,958	4.6%	661	7.0%
North West	£205,162,156	11.2%	1,410	15.0%
Northern Ireland	£0	0.0%	0	0.0%
Scotland	£184,129,877	10.0%	1,255	13.4%
Greater London	£285,546,612	15.6%	741	7.9%
South East	£373,773,580	20.4%	1,235	13.1%
South West	£117,276,937	6.4%	539	5.7%
Wales	£66,294,288	3.6%	473	5.0%
West Midlands	£157,282,823	8.6%	901	9.6%
Yorks. & Humber.	£157,993,317	8.6%	1,131	12.0%
<b>Totals</b> .....	<b>£1,834,210,022</b>	<b>100.0%</b>	<b>9,396</b>	<b>100.0%</b>

### Seasoning of Loans

The following table shows the number of months since the date of origination of the initial Loan. The ages of the Loans in this table have been taken as at the Cut-Off Date and are calculated with respect to the initial advance.

Seasoning (months)	Aggregate Current		Number of Mortgage	
	Balance (£)	% of Total	Accounts	% of Total
< 12.0	£1,518,200,555	82.8%	7,652	81.4%
≥ 12.0 and < 24.0	£255,483,721	13.9%	1,438	15.3%
≥ 24.0 and < 36.0	£2,598,641	0.1%	14	0.1%
≥ 36.0 and < 60.0	£13,843,014	0.8%	73	0.8%
≥ 60.0	£44,084,092	2.4%	219	2.3%
<b>Totals</b> .....	<b>£1,834,210,022</b>	<b>100.0%</b>	<b>9,396</b>	<b>100.0%</b>

The maximum, minimum and weighted average seasoning of Loans in the Cut-Off Date Portfolio as at the Cut-Off Date is 149.2, 2.6 and 10.6 months, respectively.

### Years to Maturity of Loans

The following table shows the number of remaining years of the term of the Loans in a Mortgage Account as at the Cut-Off Date and are calculated with respect to the initial advance.

Years to Maturity	Aggregate Current		Number of Mortgage	
	Balance (£)	% of Total	Accounts	% of Total
< 5.0	£1,536,665	0.1%	21	0.2%
≥ 5.0 and < 10.0	£30,452,562	1.7%	278	3.0%
≥ 10.0 and < 15.0	£98,189,074	5.4%	721	7.7%
≥ 15.0 and < 20.0	£233,033,458	12.7%	1,354	14.4%
≥ 20.0 and < 25.0	£459,138,065	25.0%	2,361	25.1%
≥ 25.0	£1,011,860,198	55.2%	4,661	49.6%
<b>Totals</b> .....	<b>£1,834,210,022</b>	<b>100.0%</b>	<b>9,396</b>	<b>100.0%</b>

The maximum, minimum and weighted average remaining term of the Loans in the Cut-Off Date Portfolio as at the Cut-Off Date is 39.8, 0.7 and 26.3 years, respectively.

### Purpose of Loan

The following table shows whether the purpose of the initial Loan in a Mortgage Account on origination was to finance the purchase of a new Property or to remortgage a Property already owned by the borrower.

Use of Proceeds	Aggregate Current		Number of Mortgage	
	Balance (£)	% of Total	Accounts	% of Total
Mortgage	£1,124,778,120	61.3%	5,522	58.8%
Remortgage	£709,431,902	38.7%	3,874	41.2%
<b>Totals</b> .....	<b>£1,834,210,022</b>	<b>100.0%</b>	<b>9,396</b>	<b>100.0%</b>

As at the Cut-Off Date, the average balance of Loans used to finance the purchase of a new Property was £203,690.35 and the average balance of Loans used to remortgage a Property already owned by the borrower was £183,126.46.

## Repayment Terms

As at the Cut-Off Date, 94.2% of the aggregate Current Balance as at the Cut-Off Date in the Cut-Off Date Portfolio are capital repayment Loans and 5.8% of the aggregate Current Balance as at the Cut-Off Date in the Cut-Off Date Portfolio are Interest-Only Loans. The figures in these tables have been calculated on the basis of Sub-Accounts rather than Mortgage Accounts.

Repayment Terms and Product Type	Aggregate Current Balance (£)	% of Total	Number of Sub-Accounts	% of Total
Interest-Only	£105,868,477	5.8%	423	4.1%
Repayment	£1,728,341,545	94.2%	9,903	95.9%
<b>Totals</b> .....	<b>£1,834,210,022</b>	<b>100.0%</b>	<b>10,326</b>	<b>100.0%</b>

As at the Cut-Off Date, the average balance of capital repayment Loans in the Cut-Off Date Portfolio is £174,527.07 and the average balance of Interest-Only Loans in the Cut-Off Date Portfolio is £250,280.09.

## Product Type

### Fixed Rate Loans

As at the Cut-Off Date, 99.7% of the aggregate Current Balance as at the Cut-Off Date in the Cut-Off Date Portfolio are Fixed Rate Loans. The following tables shows the distribution of Fixed Rate Loans by their fixed rate of interest as at such date, and the year in which the Loans cease to bear a fixed rate of interest and instead bear a floating rate of interest. The figures in these tables have been calculated on the basis of Sub-Accounts rather than Mortgage Accounts.

Fixed Rate Loans remain at the relevant fixed rate for a period of time as specified in the offer conditions, after which they move to a rate of interest which may at any time be varied in accordance with the relevant Mortgage Conditions.

Fixed Interest Rates	Aggregate Current Balance (£)	% of Total	Number of Sub-Accounts	% of Total	W.A. Reversion Date
≥ 0.00% and < 1.00%	£0	0.0%	0	0.0%	-
≥ 1.00% and < 2.00%	£898,715,123	49.1%	4,555	44.3%	28-May-23
≥ 2.00% and < 3.00%	£900,849,451	49.2%	5,507	53.5%	29-Oct-23
≥ 3.00% and < 4.00%	£29,547,491	1.6%	227	2.2%	10-Apr-25
≥ 4.00% and < 5.00%	£76,981	0.0%	1	0.0%	01-Mar-22
≥ 5.00% and < 6.00%	£0	0.0%	0	0.0%	-
≥ 6.00% and < 7.00%	£0	0.0%	0	0.0%	-
≥ 7.00% and < 8.00%	£0	0.0%	0	0.0%	-
<b>Totals</b> .....	<b>£1,829,189,046</b>	<b>100.0%</b>	<b>10,290</b>	<b>100.0%</b>	<b>N/A</b>

The maximum, minimum and weighted average fixed interest rate in the Cut-Off Date Portfolio as at the Cut-Off Date is 4.39%, 1.24% and 2.07%, respectively.



Reversion Year	Aggregate Current Balance (£)	% of Total	Number of Sub-Accounts	% of Total	W.A. Interest Rate
2020	£6,872,474	0.4%	51	0.5%	2.06%
2021	£105,486,035	5.8%	707	6.9%	2.16%
2022	£837,594,823	45.8%	4,405	42.8%	2.00%
2023	£116,387,913	6.4%	775	7.5%	2.02%
2024	£80,192,189	4.4%	476	4.6%	2.32%
2025	£680,347,385	37.2%	3,863	37.5%	2.12%
2026	£2,308,228	0.1%	13	0.1%	1.68%
2027+	£0	0.0%	0	0.0%	0.00%
<b>Totals</b> .....	<b>£1,829,189,046</b>	<b>100.0%</b>	<b>10,290</b>	<b>100.0%</b>	<b>N/A</b>

### SVR Loans

As at the Cut-Off Date, 0.3% of the aggregate Current Balance as at the Cut-Off Date in the Cut-Off Date Portfolio are SVR Loans. The following table shows the distribution of SVR Loans by their rate of interest as at such date. The figures in these tables have been calculated on the basis of Sub-Accounts rather than Mortgage Accounts.

Interest Rate	Aggregate Current Balance (£)	% of Total	Number of Sub-Accounts	% of Total
≥ 0.00% and < 1.00%	£164,813	3.3%	1	2.8%
≥ 1.00% and < 2.00%	£2,043,811	40.7%	13	36.1%
≥ 2.00% and < 3.00%	£0	0.0%	0	0.0%
≥ 3.00% and < 4.00%	£0	0.0%	0	0.0%
≥ 4.00% and < 5.00%	£2,812,352	56.0%	22	61.1%
≥ 5.00% and < 6.00%	£0	0.0%	0	0.0%
≥ 6.00% and < 7.00%	£0	0.0%	0	0.0%
≥ 7.00% and < 8.00%	£0	0.0%	0	0.0%
<b>Totals</b> .....	<b>£5,020,976</b>	<b>100.0%</b>	<b>36</b>	<b>100.0%</b>

The maximum, minimum and weighted average SVR interest rate in the Cut-Off Date Portfolio as at the Cut-Off Date is 4.49%, 0.67% and 3.05%, respectively.

**Capped Rate Loans**

As at the Cut-Off Date, no Loans in the Portfolio are Capped Rate Loans or will become Capped Rate Loans.

**Reversionary Discount Loans**

As at the Cut-Off Date, 41.02% of the number of Loans in the Cut-Off Date Portfolio are Reversionary Discount Loans.

As at the Cut-Off Date, 41.60% of the Current Balance of the Loans in the Portfolio (based on the Current Balance of those Loans at the Cut-Off Date) are Reversionary Discount Loans.

**Covid-19 Payment Deferral Loans**

As at the Cut-Off Date, 1.51% of the number of Loans in the Portfolio are Covid-19 Payment Deferral Loans as at the Initial Portfolio Creation Date.

As at the Cut-Off Date, 1.58% of the Current Balance of the Loans in the Portfolio (based on the Current Balance of those Loans at the Cut-Off Date) are Covid-19 Payment Deferral Loans as at the Initial Portfolio Creation Date.

As at the Cut-Off Date, 13.42% of the number of Loans in the Portfolio are or have been Covid-19 Payment Deferral Loans as at the Initial Portfolio Creation Date.

As at the Cut-Off Date, 14.48% of the Current Balance of the Loans in the Portfolio (based on the Current Balance of those Loans at the Cut-Off Date) are or have been Covid-19 Payment Deferral Loans as at the Initial Portfolio Creation Date.

**Environmental Performance**

As at the Cut-Off Date, the administrative records of the Seller do not contain any information related to the environmental performance of the property securing the Loans.

## HISTORICAL AMORTISATION RATES OF ACCORD PRIME MORTGAGE LOANS

Month	Average of Monthly Amortisation Rate (Annualised)	Year	Average of Monthly Amortisation Rate (Annualised) Over Year
Jan-09	9.91%		
Feb-09	15.37%		
Mar-09	10.70%		
Apr-09	13.74%		
May-09	8.93%		
Jun-09	9.09%		
Jul-09	11.08%		
Aug-09	9.31%		
Sep-09	10.19%		
Oct-09	18.74%		
Nov-09	11.12%		
Dec-09	11.85%	2009	11.67%
Jan-10	8.97%		
Feb-10	16.91%		
Mar-10	13.72%		
Apr-10	12.38%		
May-10	27.04%		
Jun-10	16.34%		
Jul-10	14.79%		
Aug-10	10.82%		
Sep-10	17.92%		
Oct-10	12.26%		
Nov-10	16.50%		
Dec-10	11.62%	2010	14.94%
Jan-11	15.11%		
Feb-11	13.16%		
Mar-11	11.98%		
Apr-11	11.69%		
May-11	11.20%		
Jun-11	16.66%		
Jul-11	13.03%		
Aug-11	9.82%		
Sep-11	14.37%		
Oct-11	10.75%		
Nov-11	12.48%		
Dec-11	9.58%	2011	12.49%
Jan-12	6.95%		
Feb-12	11.58%		
Mar-12	13.44%		
Apr-12	9.76%		
May-12	15.95%		
Jun-12	9.15%		
Jul-12	17.00%		
Aug-12	9.89%		
Sep-12	18.75%		
Oct-12	11.86%		
Nov-12	18.86%		
Dec-12	9.73%	2012	12.74%
Jan-13	14.26%		
Feb-13	12.53%		
Mar-13	9.68%		
Apr-13	16.54%		
May-13	12.41%		

<b>Month</b>	<b>Average of Monthly Amortisation Rate (Annualised)</b>	<b>Year</b>	<b>Average of Monthly Amortisation Rate (Annualised) Over Year</b>
Jun-13	21.68%		
Jul-13	15.93%		
Aug-13	10.75%		
Sep-13	32.39%		
Oct-13	15.72%		
Nov-13	26.84%		
Dec-13	13.31%	2013	16.84%
Jan-14	12.42%		
Feb-14	23.58%		
Mar-14	10.16%		
Apr-14	22.16%		
May-14	12.02%		
Jun-14	25.38%		
Jul-14	15.77%		
Aug-14	11.28%		
Sep-14	26.86%		
Oct-14	12.90%		
Nov-14	11.75%		
Dec-14	15.43%	2014	16.64%
Jan-15	9.00%		
Feb-15	9.50%		
Mar-15	21.45%		
Apr-15	10.79%		
May-15	9.35%		
Jun-15	28.04%		
Jul-15	17.61%		
Aug-15	21.29%		
Sep-15	14.52%		
Oct-15	27.95%		
Nov-15	19.92%		
Dec-15	22.46%	2015	17.66%
Jan-16	14.20%		
Feb-16	14.88%		
Mar-16	27.45%		
Apr-16	30.64%		
May-16	13.54%		
Jun-16	14.10%		
Jul-16	31.40%		
Aug-16	16.40%		
Sep-16	16.81%		
Oct-16	29.54%		
Nov-16	19.89%		
Dec-16	13.75%	2016	20.22%
Jan-17	15.23%		
Feb-17	17.03%		
Mar-17	32.99%		
Apr-17	18.29%		
May-17	12.12%		
Jun-17	29.01%		
Jul-17	16.45%		
Aug-17	12.22%		
Sep-17	33.30%		
Oct-17	17.20%		
Nov-17	13.46%		
Dec-17	27.49%	2017	20.40%
Jan-18	12.71%		
Feb-18	11.12%		

<b>Month</b>	<b>Average of Monthly Amortisation Rate (Annualised)</b>	<b>Year</b>	<b>Average of Monthly Amortisation Rate (Annualised) Over Year</b>
Mar-18	35.09%		
Apr-18	11.57%		
May-18	11.99%		
June-18	25.06%		
Jul-18	28.40%		
Aug-18	16.18%		
Sep-18	23.33%		
Oct-18	13.84%		
Nov-18	11.63%		
Dec-18	17.40%	2018	18.19%
Jan-19	16.09%		
Feb-19	10.26%		
Mar-19	22.02%		
Apr-19	12.71%		
May-19	17.51%		
June-19	9.94%		
Jul-19	16.98%		
Aug-19	27.96%		
Sep-19	12.34%		
Oct-19	28.79%		
Nov-19	13.37%		
Dec-19	11.01%	2019	16.58%
Jan-20	32.34%		
Feb-20	12.55%		
Mar-20	12.68%		
Apr-20	12.11%		
May-20	8.53%		
Jun-20	17.59%		
Jul-20	9.58%		
Aug-20	21.38%		
Sep-20	15.11%		
Oct-20	19.37%		
Nov-20	13.47%		
Dec-20	19.05%	2020	16.15%

Note: the monthly amortisation rate above has been calculated by the following formula  $1 - (1 - A)^{\frac{365}{\text{number of days in the month}}}$  where  $A = (B/C)$  where B = Accord prime mortgage repayments within the month and C = Accord prime mortgage balance at the beginning of the relevant month. The yearly average amortisation rate has been calculated by dividing the sum of the 12 relevant monthly amortisation rates for each individual year by 12. As used in this calculation, Accord prime mortgage repayments includes ported loans but excludes product switches.

## INFORMATION ON THE ACCORD STANDARD VARIABLE RATE

The below table provides information on how the Seller Standard Variable Rate has changed each month since 1 January 2015, as compared to each of SONIA (not compounded) and the Bank of England Base Rate at the relevant time, in order to allow an assessment of the Seller Standard Variable Rate in relation to other market rates.

**SONIA** means the Sterling Overnight Index Average (not compounded) at the relevant date.

**Bank of England Base Rate** means the base rate quoted by the Bank of England at the relevant date.

Date	Accord SVR	Bank of England Base Rate	SONIA (not compounded)
Jan-16	5.79%	0.50%	0.45%
Feb-16	5.79%	0.50%	0.45%
Mar-16	5.79%	0.50%	0.41%
Apr-16	5.79%	0.50%	0.46%
May-16	5.79%	0.50%	0.45%
Jun-16	5.79%	0.50%	0.44%
Jul-16	5.79%	0.50%	0.45%
Aug-16	5.79%	0.25%	0.20%
Sep-16	5.54%	0.25%	0.16%
Oct-16	5.54%	0.25%	0.20%
Nov-16	5.54%	0.25%	0.20%
Dec-16	5.34%	0.25%	0.16%
Jan-17	5.34%	0.25%	0.21%
Feb-17	5.34%	0.25%	0.20%
Mar-17	5.34%	0.25%	0.17%
Apr-17	5.34%	0.25%	0.21%
May-17	5.34%	0.25%	0.21%
Jun-17	5.34%	0.25%	0.19%
Jul-17	5.34%	0.25%	0.20%
Aug-17	5.34%	0.25%	0.21%
Sep-17	5.34%	0.25%	0.20%
Oct-17	5.34%	0.25%	0.21%
Nov-17	5.34%	0.50%	0.46%
Dec-17	4.99%	0.50%	0.41%
Jan-18	4.99%	0.50%	0.47%
Feb-18	4.99%	0.50%	0.46%
Mar-18	4.99%	0.50%	0.44%
Apr-18	4.99%	0.50%	0.45%
May-18	4.99%	0.50%	0.45%
Jun-18	4.99%	0.50%	0.44%
Jul-18	4.99%	0.50%	0.45%
Aug-18	4.99%	0.75%	0.70%
Sep-18	4.99%	0.75%	0.70%

Oct-18	4.99%	0.75%	0.70%
Nov-18	4.99%	0.75%	0.70%
Dec-18	4.99%	0.75%	0.70%
Jan-19	4.99%	0.75%	0.70%
Feb-19	4.99%	0.75%	0.71%
Mar-19	4.99%	0.75%	0.70%
Apr-19	4.99%	0.75%	0.71%
May-19	4.99%	0.75%	0.71%
Jun-19	4.99%	0.75%	0.71%
Jul-19	4.99%	0.75%	0.71%
Aug-19	4.99%	0.75%	0.71%
Sep-19	4.99%	0.75%	0.71%
Oct-19	4.99%	0.75%	0.71%
Nov-19	4.99%	0.75%	0.71%
Dec-19	4.99%	0.75%	0.71%
Jan-20	4.99%	0.75%	0.71%
Feb-20	4.99%	0.75%	0.71%
Mar-20	4.99%	0.10%	0.07%
Apr-20	4.49%	0.10%	0.07%
May-20	4.49%	0.10%	0.07%
Jun-20	4.49%	0.10%	0.06%
Jul-20	4.49%	0.10%	0.06%
Aug-20	4.49%	0.10%	0.05%
Sep-20	4.49%	0.10%	0.05%
Oct-20	4.49%	0.10%	0.05%
Nov-20	4.49%	0.10%	0.05%
Dec-20	4.49%	0.10%	0.04%

## STATIC POOL INFORMATION

The tables in the following pages set out, to the extent material, static pool information with respect to all mortgage loans originated by the Seller. The tables show the distribution of loans designated as prime by the Seller by delinquency category as at each year end.

The information in the following tables has been sourced and extracted from the systems of the Seller/Servicer. The loans which are included in the tables below are originated under and serviced in accordance with substantially the same policies and procedures as the Loans in the Portfolio. In the following tables, delinquency category corresponds to the number of monthly contractual repayment amounts in arrears. Delinquency rates represent the closing balances of loans in a particular category as a percentage of aggregate closing balances.

### Arrears – Prime Loans Originated by Accord Mortgages Limited

#### 31 December 2016

	Balance (£)	Count	% of Balance	% of Count
<2 months	13,917,848,468.10	81,795	99.24%	98.97%
≥2 months & <3 months	32,749,270.52	288	0.23%	0.35%
≥3 months & <6 months	44,067,832.45	346	0.31%	0.42%
≥6 months & <9 months	11,965,010.50	83	0.09%	0.10%
≥9 months & <12 months	7,886,846.94	57	0.06%	0.07%
≥12 months	6,401,097.06	41	0.05%	0.05%
Of which in possession	3,513,688.28	36	0.03%	0.04%
<b>Totals</b>	<b>14,024,432,213.85</b>	<b>82,646</b>	<b>100.00%</b>	<b>100.00%</b>

#### 31 December 2017

	Balance (£)	Count	% of Balance	% of Count
<2 months	15,711,814,492.75	92,967	99.53%	99.34%
≥2 months & <3 months	22,851,934.56	211	0.14%	0.23%
≥3 months & <6 months	30,122,791.51	252	0.19%	0.27%
≥6 months & <9 months	9,819,785.58	72	0.06%	0.08%
≥9 months & <12 months	4,453,177.35	31	0.03%	0.03%
≥12 months	4,407,067.57	32	0.03%	0.03%
Of which in possession	2,664,130.06	23	0.02%	0.02%
<b>Totals</b>	<b>15,786,133,379.38</b>	<b>93,588</b>	<b>100.00%</b>	<b>100.00%</b>

#### 31 December 2018

	Balance (£)	Count	% of Balance	% of Count
<2 months	18,182,692,615.66	102,772	99.62%	99.46%
≥2 months & <3 months	24,363,002.12	213	0.13%	0.21%
≥3 months & <6 months	28,485,889.26	225	0.16%	0.22%
≥6 months & <9 months	7,043,329.47	57	0.04%	0.06%
≥9 months & <12 months	2,233,499.06	19	0.01%	0.02%
≥12 months	4,454,267.52	26	0.02%	0.03%
Of which in possession	2,844,085.38	21	0.02%	0.02%
<b>Totals</b>	<b>18,252,116,688.47</b>	<b>103,333</b>	<b>100.00%</b>	<b>100.00%</b>



**31 December 2019**

	<b>Balance (£)</b>	<b>Count</b>	<b>% of Balance</b>	<b>% of Count</b>
<2 months	20,207,416,288.96	113,606	99.63%	99.47%
≥2 months & <3 months	21,556,818.24	210	0.11%	0.18%
≥3 months & <6 months	30,808,807.69	250	0.15%	0.22%
≥6 months & <9 months	11,267,008.03	75	0.06%	0.07%
≥9 months & <12 months	3,399,116.01	29	0.02%	0.03%
≥12 months	5,991,944.28	30	0.03%	0.03%
Of which in possession	1,614,050.88	12	0.01%	0.01%
<b>Totals</b>	<b>20,282,054,034.09</b>	<b>114,212</b>	<b>100.00%</b>	<b>100.00%</b>

**31 December 2020**

	<b>Balance (£)</b>	<b>Count</b>	<b>% of Balance</b>	<b>% of Count</b>
<2 months	21,841,677,325.40	124,015	99.62%	99.48%
≥2 months & <3 months	23,300,709.96	193	0.11%	0.15%
≥3 months & <6 months	30,639,352.28	246	0.14%	0.20%
≥6 months & <9 months	10,697,676.46	94	0.05%	0.08%
≥9 months & <12 months	6,374,628.61	47	0.03%	0.04%
≥12 months	12,185,333.78	72	0.06%	0.06%
Of which in possession	78,975.85	2	0.00%	0.00%
<b>Totals</b>	<b>21,924,954,002.34</b>	<b>124,669</b>	<b>100.00%</b>	<b>100.00%</b>

The information in the above tables has been sourced from the systems of the Seller/Service.

Further to the above investors can access static data and dynamic data on the historical prepayment, arrears, default and loss performance for a period of at least five years on the Reporting Websites.

## CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

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

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

### *Industry CPR rates*

In the following tables, quarterly industry constant repayment rate data was calculated by dividing the amount of scheduled and unscheduled repayments of mortgages made by banks, building societies and other specialist mortgage lenders in a quarter by the quarterly balance of mortgages outstanding for banks, building societies and other specialist mortgage lenders in the United Kingdom. These quarterly repayment rates were then annualised using standard methodology.

Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)	Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)
March 2000	13.76%	16.23%	June 2007	22.51%	22.46%
June 2000	15.50%	16.04%	September 2007	22.72%	22.36%
September 2000	16.09%	15.58%	December 2007	20.63%	21.81%
December 2000	15.90%	15.31%	March 2008	18.73%	21.15%
March 2001	15.60%	15.77%	June 2008	19.21%	20.32%
June 2001	18.42%	16.50%	September 2008	17.31%	18.97%
September 2001	20.19%	17.53%	December 2008	13.82%	17.27%
December 2001	19.88%	18.52%	March 2009	11.08%	15.36%
March 2002	18.73%	19.30%	June 2009	10.34%	13.14%
June 2002	21.62%	20.10%	September 2009	11.29%	11.63%
September 2002	23.80%	21.01%	December 2009	11.21%	10.98%
December 2002	23.01%	21.79%	March 2010	9.63%	10.62%
March 2003	20.96%	22.35%	June 2010	10.63%	10.69%
June 2003	22.27%	22.51%	September 2010	11.13%	10.65%
September 2003	23.72%	22.49%	December 2010	10.79%	10.55%
December 2003	24.25%	22.80%	March 2011	9.88%	10.61%
March 2004	20.75%	22.75%	June 2011	10.49%	10.57%
June 2004	22.27%	22.75%	September 2011	11.80%	10.74%
September 2004	23.15%	22.61%	December 2011	11.26%	10.86%
December 2004	19.75%	21.48%	March 2012	10.41%	10.99%
March 2005	17.12%	20.57%	June 2012	10.66%	11.03%
June 2005	19.58%	19.90%	September 2012	11.00%	10.83%
September 2005	22.63%	19.77%	December 2012	11.25%	10.83%
December 2005	22.78%	20.53%	March 2013	10.89%	10.95%
March 2006	20.54%	21.38%	June 2013	12.50%	11.41%
June 2006	22.20%	22.04%	September 2013	14.11%	12.19%
September 2006	23.13%	22.16%	December 2013	14.50%	13.00%
December 2006	22.84%	22.18%	March 2014	13.20%	13.58%
March 2007	21.36%	22.38%	June 2014	13.92%	13.93%

Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)	Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)
September 2014	14.85%	14.12%	December 2017	16.42%	15.61%
December 2014	14.52%	14.12%	March 2018	15.25%	15.68%
March 2015	13.20%	14.12%	June 2018	15.39%	15.80%
June 2015	14.27%	14.21%	September 2018	16.85%	15.98%
September 2015	15.48%	14.37%	December 2018	16.39%	15.97%
December 2015	15.71%	14.67%	March 2019	14.80%	15.86%
March 2016	15.44%	15.23%	June 2019	14.64%	15.67%
June 2016	15.13%	15.44%	September 2019	15.35%	15.30%
September 2016	15.95%	15.56%	December 2019	15.59%	15.09%
December 2016	15.47%	15.50%	March 2020	14.47%	15.01%
March 2017	14.99%	15.39%	June 2020	11.19%	14.15%
June 2017	14.89%	15.33%	September 2020	12.96%	13.55%
September 2017	16.15%	15.38%			

Source of repayment and outstanding mortgage information: Bank of England via Haver Analytics, UK Finance

### **Repossession rate**

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

Year	Repossessions	Year	Repossessions
1985	0.25%	2003	0.07%
1986	0.30%	2004	0.07%
1987	0.32%	2005	0.12%
1988	0.22%	2006	0.18%
1989	0.17%	2007	0.22%
1990	0.47%	2008	0.34%
1991	0.77%	2009	0.43%
1992	0.69%	2010	0.34%
1993	0.58%	2011	0.33%
1994	0.47%	2012	0.30%
1995	0.47%	2013	0.26%
1996	0.40%	2014	0.19%
1997	0.31%	2015	0.09%
1998	0.31%	2016	0.07%
1999	0.27%	2017	0.07%
2000	0.20%	2018	0.06%
2001	0.16%	2019	0.07%
2002	0.11%	2020	0.07%

Source: UK Finance

## House price index

The UK housing market has been through various economic cycles in the recent past, with large year-to-year increases in the housing indices occurring in the late 1980s and large decreases occurring in the early 1990s and from 2007 to 2013.

Period		House price index	House Price Index annual % change
2006	Jan	83.9011	6.20%
	Feb	84.0381	6.47%
	Mar	84.7196	6.46%
	Apr	86.5611	7.25%
	May	87.3814	7.12%
	Jun	88.2093	7.28%
	Jul	89.4787	7.44%
	Aug	90.2298	7.91%
	Sep	90.5977	8.52%
	Oct	91.1283	9.37%
	Nov	91.5975	9.61%
	Dec	92.7381	10.37%
2007	Jan	92.7061	10.49%
	Feb	92.9699	10.63%
	Mar	93.6913	10.59%
	Apr	95.5827	10.42%
	May	96.6777	10.64%
	Jun	97.7359	10.80%
	Jul	98.9647	10.60%
	Aug	99.5388	10.32%
	Sep	99.6680	10.01%
	Oct	99.4356	9.12%
	Nov	99.3834	8.50%
	Dec	99.2283	7.00%
2008	Jan	97.4388	5.11%
	Feb	96.6012	3.91%
	Mar	95.8985	2.36%
	Apr	96.0574	0.50%
	May	96.6446	-0.03%
	Jun	95.3666	-2.42%
	Jul	94.3253	-4.69%
	Aug	92.3570	-7.22%
	Sep	90.0320	-9.67%
	Oct	88.2056	-11.29%
	Nov	85.7247	-13.74%
	Dec	84.4173	-14.93%
2009	Jan	82.4661	-15.37%
	Feb	81.5134	-15.62%
	Mar	81.0072	-15.53%
	Apr	81.7414	-14.90%
	May	82.8702	-14.25%
	Jun	83.6866	-12.25%
	Jul	85.1878	-9.69%
	Aug	86.0280	-6.85%
	Sep	86.7038	-3.70%
	Oct	87.2866	-1.04%

Period		House price index	House Price Index annual % change
2010	Nov	87.5809	2.17%
	Dec	88.1555	4.43%
	Jan	87.8342	6.51%
	Feb	88.0538	8.02%
	Mar	88.0487	8.69%
	Apr	89.1763	9.10%
	May	89.6053	8.13%
	Jun	90.0473	7.60%
	Jul	90.9591	6.77%
	Aug	90.9540	5.73%
	Sep	90.7204	4.63%
	Oct	89.7096	2.78%
2011	Nov	88.6441	1.21%
	Dec	88.4813	0.37%
	Jan	87.7457	-0.10%
	Feb	87.2815	-0.88%
	Mar	86.8794	-1.33%
	Apr	88.2271	-1.06%
	May	87.8346	-1.98%
	Jun	87.9831	-2.29%
	Jul	89.0913	-2.05%
	Aug	89.1449	-1.99%
	Sep	88.9223	-1.98%
	Oct	87.9413	-1.97%
2012	Nov	87.9852	-0.74%
	Dec	87.6133	-0.98%
	Jan	87.0157	-0.83%
	Feb	86.7790	-0.58%
	Mar	87.0361	0.18%
	Apr	88.0361	-0.22%
	May	88.3201	0.55%
	Jun	89.1874	1.37%
	Jul	89.5294	0.49%
	Aug	89.6349	0.55%
	Sep	89.3164	0.44%
	Oct	88.6841	0.84%
2013	Nov	88.7564	0.88%
	Dec	88.5547	1.07%
	Jan	87.9635	1.09%
	Feb	87.9461	1.34%
	Mar	88.4701	1.65%
	Apr	89.3375	1.48%
	May	89.8087	1.69%
	Jun	90.5539	1.53%
	Jul	91.5702	2.28%
	Aug	92.2992	2.97%
	Sep	92.3598	3.41%
	Oct	91.9825	3.72%
2014	Nov	92.4929	4.21%
	Dec	93.3421	5.41%
	Jan	93.4530	6.24%
	Feb	93.8408	6.70%

Period		House price index	House Price Index annual % change
2015	Mar	94.1635	6.44%
	Apr	96.2587	7.75%
	May	97.2788	8.32%
	Jun	98.1185	8.35%
	Jul	99.4988	8.66%
	Aug	100.6646	9.06%
	Sep	100.7726	9.11%
	Oct	100.6239	9.39%
	Nov	100.2855	8.43%
	Dec	100.5268	7.70%
	Jan	100.0000	7.01%
	Feb	100.0850	6.65%
2016	Mar	100.4575	6.68%
	Apr	101.3426	5.28%
	May	102.4379	5.30%
	Jun	103.2190	5.20%
	Jul	104.9703	5.50%
	Aug	105.9310	5.23%
	Sep	106.1489	5.34%
	Oct	106.2934	5.63%
	Nov	107.1111	6.81%
	Dec	107.4766	6.91%
	Jan	107.7620	7.76%
	Feb	107.8098	7.72%
2017	Mar	108.9173	8.42%
	Apr	109.3244	7.88%
	May	110.5984	7.97%
	Jun	111.6548	8.17%
	Jul	112.8299	7.49%
	Aug	112.8393	6.52%
	Sep	112.6669	6.14%
	Oct	112.2948	5.65%
	Nov	112.8226	5.33%
	Dec	113.0254	5.16%
	Jan	112.8905	4.76%
	Feb	113.1291	4.93%
2018	Mar	112.8872	3.64%
	Apr	114.6732	4.89%
	May	115.3614	4.31%
	Jun	116.3473	4.20%
	Jul	117.8608	4.46%
	Aug	118.3952	4.92%
	Sep	117.9530	4.69%
	Oct	118.0565	5.13%
	Nov	117.7210	4.34%
	Dec	118.1811	4.56%
	Jan	117.7688	4.32%
	Feb	118.0769	4.37%
Mar	117.3641	3.97%	
Apr	118.4854	3.32%	
May	118.9699	3.13%	
Jun	119.7679	2.94%	

Period	House price index	House Price Index annual % change	
2019	Jul	121.2530	2.88%
	Aug	121.6258	2.73%
	Sep	121.3932	2.92%
	Oct	121.2657	2.72%
	Nov	120.7481	2.57%
	Dec	120.4885	1.95%
	Jan	119.7464	1.68%
	Feb	119.4443	1.16%
	Mar	119.1115	1.49%
	Apr	119.9475	1.26%
	May	120.1380	0.98%
	Jun	120.6562	0.74%
2020	Jul	122.0036	0.62%
	Aug	122.3959	0.63%
	Sep	122.4851	0.90%
	Oct	122.1635	0.74%
	Nov	121.7318	0.81%
	Dec	121.5895	0.91%
	Jan	121.7237	1.65%
	Feb	121.0676	1.36%
	Mar	122.2927	2.67%
	Apr	120.8099384	2.13%
	May	121.3886225	1.04%
	Jun	123.2222391	2.13%
Jul	124.4058305	1.97%	
Aug	126.1529392	3.07%	
Sep	127.6154847	4.19%	
Oct	129.3700658	5.90%	
Nov	130.9277974	7.55%	

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## 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 (the **FSMA**) came into force on 31 October 2004 (the **Regulation Effective Date**). Entering into a Regulated Mortgage Contract as a lender, arranging Regulated Mortgage Contracts and advising in respect of or administering Regulated Mortgage Contracts (and/or agreeing to do any of those activities) are (subject to applicable exemptions) 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.

The original definition of a 'regulated mortgage contract' was such that if a mortgage contract was entered into on or after the Regulation Effective Date but before 21 March 2016, it was a Regulated Mortgage Contract under the RAO if: (i) the lender provided credit to an individual or to trustees; and (ii) the obligation of the borrower to repay was secured by a first legal mortgage (or in Scotland, a first ranking standard security) on land (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 (1) that person's spouse or civil partner; (2) a person (whether or not of the opposite sex) whose relationship with that person has the characteristics of the relationship between husband and wife; or (3) that person's parent, brother, sister, child, grandparent or grandchild (a **Related Person**).

The current definition of a **Regulated Mortgage Contract** is such that if a mortgage contract was entered into on or after 21 March 2016, the contract will be a Regulated Mortgage Contract if, at the time it is entered into, the following conditions are met: (a) the borrower is an individual or trustee; (b) the obligation of the borrower to repay is secured by a mortgage on land; (c) at least 40% of that land is used, or is intended to be used: (i) in the case of credit provided to an individual, as or in connection with a dwelling; or (ii) in the case of credit provided to a trustee who is not an individual, as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a Related Person. In relation to a contract entered into before 23:00 on 31 December 2020, 'land' means land in the United Kingdom or within the territory of an EEA State and in relation to a contract entered into on or after 23:00 on 31 December 2020, 'land' means land in the United Kingdom.

On and from the Regulation Effective Date, subject to any exemption, persons carrying on any specified regulated mortgage-related activities by way of business must be authorised under the FSMA. The specified activities currently are: (a) entering into a Regulated Mortgage Contract as lender; (b) administering a Regulated Mortgage Contract (administering in this context broadly means notifying borrowers of changes in mortgage payments and/or taking any necessary steps for the purposes of collecting payments due under the mortgage loan); (c) advising in respect of Regulated Mortgage Contracts; and (d) arranging Regulated Mortgage Contracts. Agreeing to carry on any of these activities is also a regulated activity. If requirements as to the authorisation of lenders and brokers are not complied with, a Regulated Mortgage Contract will be unenforceable against the borrower except with the approval of a court, and the unauthorised person may commit a criminal offence. An unauthorised person who carries on the regulated mortgage activity of administering a Regulated Mortgage Contract that has been validly entered into may commit an offence, although this will not render the contract unenforceable against the borrower. The regime under the FSMA regulating financial promotions covers the content and manner of the promotion of agreements relating to qualifying credit and 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 Seller) 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. 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 Servicer is required to hold, and does hold, authorisation and permission to enter into a Regulated Mortgage Contract as lender and to administer Regulated Mortgage Contracts. The Seller is required to hold, and holds, authorisation and permission to enter into a Regulated Mortgage Contract as lender and to administer a (and, where applicable) to advise on, Regulated Mortgage Contracts. Brokers are in certain circumstances required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts.

The Issuer is not, and does not propose to be, an authorised person under the FSMA with respect to Regulated Mortgage Contracts and related activities. The Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not carry on the regulated activity of administering Regulated Mortgage Contracts by virtue of having the relevant Regulated Mortgage Contracts administered pursuant to an administration agreement by an entity having the required authorisation and permission under the FSMA. If such administration agreement terminates, however, the Issuer will have a period of not more than one month (beginning with the day on which such arrangement terminates) in which to arrange for mortgage administration to be carried out by a replacement servicer having the required FSMA authorisation and permission.

The Issuer will only hold beneficial title to the Loans and their Related Security. In the event that legal title is transferred to the Issuer upon the occurrence of a Perfection Event, the Issuer must arrange for a servicer to administer these Loans 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, among other things, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions. 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.

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 an FCA or PRA rule 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 setoff in respect of the Loans may adversely affect the realisable value of the Loans comprising the Portfolio and accordingly the ability of the Issuer to meet its obligations under the Notes.

No assurance can be given that additional regulations or guidance from the FCA, the PRA, the Ombudsman, the CMA or any other regulatory authority will not arise with regard to the mortgage market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller. Any such action or developments, in particular, but not limited to, the cost of compliance may have a material adverse effect on the Seller, the Issuer, the Servicer and their respective businesses and operations.

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

The final rules in relation to the FCA Mortgage Market Review (**MMR**) generally came into force on 26 April 2014. These rules required a number of material changes to the mortgage sales process, both in terms of advice provision in nearly all scenarios and significantly enhanced affordability assessment and evidencing. The rules permit interest-only loans however; in relation to Regulated Mortgage Contracts, there is a clear requirement for a clearly understood and credible strategy for repaying the capital (evidence of which the lender must obtain before entering into the loan). The FCA continues to assess firms' implementation of the rules introduced as a result of the MMR to review responsible lending practices. It is possible that further changes may be made to the FCA's MCOB rules as a result of these reviews and other related regulatory reforms.

To the extent that the 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 to set off the amount of the claim against the amount owing under the Loan.

Under the Financial Services Act 2012: (a) the carrying on of servicing activities in certain circumstances by a person exercising the rights of the lender without FCA permission to do so renders the credit agreement unenforceable, except with FCA approval; and (b) the FCA has the power to make rules to render unenforceable contracts made in contravention of its rules on cost and duration of credit agreements or in contravention of its product intervention rules. This Act also provides for formalised co-operation to exist between the FCA and the Ombudsman (as described below), particularly where identified issues potentially have wider implications, with a view to the FCA requiring affected firms to operate consumer redress schemes.

Any further changes to the FCA's 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 or the Financial Services Act 2012, may adversely affect the Loans, the Seller, the Issuer, the Servicer and their respective businesses and operations.

### **Unfair relationships**

Under the CCA, the earlier "extortionate credit" regime under the CCA 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 a 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 creditor's conduct (or anyone acting on behalf of the creditor) before and after making the agreement or in relation to any related 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 and the CRA (each 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 PRA and the FCA (and prior to 1 April 2013, the FSA), on that principle and former guidance by the Office of Fair Trading on the unfair relationship test may also be relevant. Under the CCA, once the debtor alleges that an unfair relationship exists, then 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 mortgage loan subject to the unfair relationship test is found to be unfair, the court has a wide range of powers and may require the lender (and any associate or former associate of the lender) to repay sums to the debtor, or to do, not do or cease doing anything in relation to the agreement or any related agreement, and may require the lender to reduce or discharge any sums payable by the debtor or surety, return to a surety any security provided by him, alter the terms of the agreement, direct accounts to be taken or otherwise set aside any duty imposed on the debtor or surety. The term creditor i.e. lender as defined under section 189 of the Consumer Credit Act means the person providing the credit under a consumer credit agreement or the person to whom his rights and duties under the agreement have passed by assignment or operation of law.

If a court determined that there was an unfair relationship between the Lender and the relevant Borrower in respect of the Loans and ordered that financial redress be made in respect of such Loans or if redress was due in accordance with the FCA rules, 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.

### **Distance Marketing of Financial Services**

The Financial Services (Distance Marketing) Regulations 2004 (the **Distance Marketing Regulations**) apply to contracts for financial services entered into on or after 31 October 2004 by a "consumer" within the meaning of the Distance Marketing Regulations and by means of distance communication (i.e. without any substantive simultaneous physical presence of the lender and the borrower).

The Distance Marketing Regulations 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 the contract and includes but is not limited to, general information in respect of the supplier and the financial service, the contractual terms and conditions, and whether there is a right of cancellation.

A Regulated Mortgage Contract under the FSMA, if originated by a UK lender (who is authorised by the FCA) from an establishment in the United Kingdom, will not be cancellable under the Distance Marketing Regulations, but will be subject to related pre-contract disclosure requirements in MCOB. Failure to comply with MCOB pre-contract disclosure rules could result in, among other things, disciplinary action by the FCA and claims for damages under Section 138D of the FSMA.

Certain other agreements for financial services will be cancellable under the Distance Marketing Regulations if the borrower does not receive prescribed information at the prescribed time. Where the credit agreement is cancellable under the Distance Marketing Regulations, the borrower may send notice of cancellation at any time before the expiry of 14 days beginning with (i) the day after the day on which the contract is made (where all of the prescribed information has been provided prior to the contract being entered into); or (ii) the day after the day on which the last of the prescribed information is provided (where all of the prescribed information was not provided prior to the contract being entered into).

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

If the borrower cancels the contract under the Distance Marketing Regulations, then: (a) the borrower is liable to repay the principal and any other sums paid by or on behalf of the lender to the borrower under or in relation to the contract within 30 calendar days of cancellation; (b) the borrower is liable to pay interest, early

repayment charges and other charges for services actually provided in accordance with the contract only if: (i) the amount is in proportion to the extent of the service provided (in comparison with the full coverage of the contract) and is not such that it could be construed as a penalty; (ii) the borrower received certain prescribed information at the prescribed time about the amounts payable; and (iii) the originator did not commence performance of the contract before the expiry of the relevant cancellation period unless requested to do so by the borrower); and (c) any security provided in relation to the contract is to be treated as never having had effect.

If a significant portion of the Loans are characterised as being cancellable under these regulations, this may reduce the amounts available to meet the payments due in respect of the Notes.

### **Unfair Terms in Consumer Contracts Regulations 1994 and 1999**

In the United Kingdom, 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 Regulations 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 and is discussed in greater detail below.

The FCA has stated that the finalised FCA guidance "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" applies equally to factors that firms should consider to achieve fairness under the UTCCR.

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" under 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) provide that a regulator may take action to stop the use of terms which are considered to be unfair.

#### **(i) UTCCR**

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 under a loan, 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) were found to be unfair, the borrower would not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, would 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 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 meet its obligations under the Notes.

#### **(ii) CRA**

The main provisions of the CRA came into force on 1 October 2015. The CRA reforms and consolidates consumer law in the UK. The CRA involves the creation of a single regime out of the Unfair Contract Terms Act 1977 (which essentially deals with attempts to limit liability for breach of contract) and the UTCCR for

contracts entered into on or after 1 October 2015. The CRA has revoked the UTCCR in respect of contracts made on or after 1 October 2015 and introduced a new regime for dealing with unfair contractual terms as follows.

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

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

A term of a consumer contract which is not on the "grey list" may nevertheless be regarded as unfair.

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

On 19 December 2018, the FCA published finalised guidance: "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015 (FG18/7), outlining factors the FCA consider firms should have regard to when drafting and reviewing variation terms in consumer contracts. This follows developments in case law, including at the Court of Justice of the EU (the **CJEU**). 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 any 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 provisions in the CRA governing unfair contractual terms came into force on 1 October 2015.

### **(iii) Regulatory developments**

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).

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 variations in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on the 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.

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 CMA may consider fairness, but will not usually expect to do so, where the firm concerned is an authorised firm or an appointed representative under FSMA. Further, 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 **CPR**) of commercial practices in financial services and claims management services of an authorised firm or appointed representative. In this 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 CPR will include contracts for mortgages and the selling of mortgages, consumer credit and other credit-related activities.

The Unfair Contract Terms and Consumer Notices Regulatory Guide (UNFCOG in the FCA handbook) explains the FCA's policy on how it uses its powers under the CRA, and the Competition and Markets Authority (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" (save in applying the consumer notices and negotiated terms). 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, the interpretation of the UTCCR and/or the CRA is open to some doubt, particularly in the light of sometimes conflicting reported case law between English courts and the CJEU. The broad and general wording of the UTCCR and 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 UTCCR or the CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. No assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Seller, the Issuer and/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.

### ***Decisions of the Ombudsman could lead to some terms of the Loans being varied***

Under the FSMA, the Financial Ombudsman Service (the **Ombudsman**), an independent adjudicator, is required to make decisions on, among other things, complaints relating to the 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 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 money award to the borrower, it is not possible to predict how any future decision of the Financial Ombudsman Service would affect the ability of the Issuer to make payments to Noteholders.

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

The CPR came into force on 26 May 2008. The CPR prohibit certain practices which are deemed to be "unfair" within the terms of the CPR. Breach of the CPR does not (of itself) render an agreement 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 agreement may result in losses on amounts to which such agreements apply.

Most of the provisions of the Consumer Protection (Amendment) Regulations 2014 came into force on 1 October 2014 and amended the CPR. In certain circumstances, these amendments to the CPR give consumers a right to redress for misleading or aggressive commercial practices (as defined in the CPR), including a right to unwind agreements.

### ***Mortgage repossession***

A protocol for mortgage repossession cases in England and Wales came into force on 19 November 2008 (the **Pre-Action Protocol**). The Pre-Action Protocol sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders, including the Seller, have confirmed that they will delay the initiation of repossession action for at least three months after a borrower who is an owner-occupier is in arrears. The application of such moratorium may be subject to the wishes of the relevant borrower and may not apply in cases of fraud. In addition, under the Pre-Action Protocol the lender must consider whether to postpone the start of a possession claim where the borrower has made a genuine complaint to the Ombudsman about the potential possession claim. In addition, MCOB rules prevent, in relation to the Regulated Mortgage Contracts, repossessing the mortgaged property unless all other reasonable attempts to resolve the position have failed and must not automatically capitalise a payment shortfall where the impact would be material.

The Mortgage Repossessions (Protection of Tenants etc.) Act 2010 came into force on 1 October 2010. This Act gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on application by an unauthorised tenant (i.e. a tenant in possession without the lender's consent) as generally exists on application by an authorised tenant. The lender has to serve notice at the property before enforcing a possession order.

Part I of the Home Owner and Debtor Protection (Scotland) Act 2010 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 this Act, the heritable creditor, which may be the Seller 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 statutory enforcement process pursuant to the Conveyancing and Feudal Reform (Scotland) Act 1970 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.

Investors should note, as at the date of this Prospectus, the FCA's guidance to firms, as described below in the section entitled "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 1 April 2021. 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. The FCA makes clear in the guidance that it expects lenders of both owner-occupied and buy-to-let mortgage loans to act in a manner consistent with these requirements. Further, whilst the Tailored Support Guidance (defined below) is in force, lenders should not seek or enforce a warrant for possession of a borrower's home when a resident is required to self-isolate or shield or while a local or more widespread lockdown is in force. A lender may seek or enforce a warrant of possession or restitution in these circumstances if it has reasonable grounds to believe that the borrower or relevant household member has access to alternative accommodation where they could continue to self-isolate, or comply with lockdown measures as required.

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

In October 2020, the FCA published the policy statement PS20/11 entitled 'Mortgages: Removing barriers to intra-group switching and helping borrowers with maturing interest-only and part-and-part mortgages'. This policy statement contains guidance which applies to mortgage lenders and mortgage administrators in relation to the exceptional circumstances arising out of Covid-19 and its impact on the financial situation of borrowers with interest-only and part-and-part mortgages (the **October Guidance**). The October Guidance came into force on 31 October 2020 (and was updated on 17 November 2020) and expires on 31 October 2021 and applies in respect of interest-only and part-and-part mortgages with maturity dates between 20 March 2020 and 31 October 2021 where the capital repayment is still outstanding. The October Guidance only applies to Regulated Mortgage Contracts (but does not apply to bridging loans). The October Guidance provides that where a borrower has a relevant mortgage and is up-to-date with their mortgage payments (which includes borrowers which have made use of a payment deferral granted under the FCA Payment Deferral Guidance both before and after the relevant loan's maturity date), firms should allow that borrower the flexibility to choose to delay the repayment of any capital on their mortgage until no later than 31 October 2021 provided the borrower continues to make interest payments. Firms are not to charge any additional fees as a condition of offering a delay to the capital repayment and interest may continue to be charged at the rate charged pre-maturity, at the rate charged at maturity, or lower, in accordance with the relevant contractual terms (and where the rate is the standard variable rate, payments may be varied in accordance with changes to this rate). If the customer fails to make interest payments after agreeing a delay to the capital repayment (except in accordance with a payment deferral agreed under the FCA Payment Deferral Guidance), the October Guidance will no longer apply.

The FCA expect lenders and administrators to begin telling eligible borrowers about the option to delay capital repayment promptly and firms should make the risk of delaying capital repayment clear to borrowers, for example that property prices may drop between now and 31 October 2021. To take advantage of the October Guidance the borrower will have to make an active choice to delay the repayment and borrowers could still choose to proceed with repayment. If a significant number of relevant borrowers take the opportunity to delay repayment this would affect redemption rates.



## **Mortgages and coronavirus: FCA guidance for firms**

On 20 March 2020 the FCA published guidance for, *inter alia*, mortgage lenders and administrators entitled 'Mortgages and coronavirus: our guidance for firms', in connection with the ongoing outbreak of Covid-19 in the UK. This guidance was updated on 4 June 2020, on 16 June 2020 and again on 17 November 2020, such update coming into effect on 20 November 2020 (the **FCA Payment Deferral Guidance**). Among other things, this guidance provides that mortgage lenders are required, where an eligible borrower 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 borrower a payment deferral, unless the mortgage lender agrees with the borrower a different option that the lender reasonably considers to be in the best interests of the borrower. A request for a full or partial payment deferral for three monthly payments may be made by a borrower at any time until 31 March 2021 in respect of payments up to and including 31 July 2021. The FCA Payment Deferral Guidance provides that: (i) borrowers who have not yet had a payment deferral will be eligible for payment deferrals of six months in total; (ii) those borrowers who currently have a payment deferral will be eligible to top up to six months in total; (iii) those borrowers who have previously had payment deferrals of less than six months will be able to top up, as long as total deferrals do not exceed six months. This includes those borrowers receiving tailored support and those who are behind on payments; and (iv) borrowers who have already had six months of payment deferrals will not be eligible for a further payment deferral. Lenders should provide tailored support to those borrowers who are in financial difficulty and not eligible for a payment deferral under the FCA Payment Deferral Guidance appropriate to their circumstances. Borrowers will have until 31 March 2021 to apply for an initial or a further payment deferral. After that date, they will be able to extend existing deferrals to 31 July 2021, provided these extensions cover consecutive payments, and subject to the maximum six months allowed. The FCA advise that borrowers who have not yet taken a deferral, and who think they need the full six months should apply in good time before their February 2021 payment is due.

Interest will continue to accrue on the sum temporarily unpaid as the result of a payment deferral; however, no fee or charge may be levied in connection with the grant of a payment deferral. Any missed payments arising under such payment deferrals will not constitute arrears and will not be reported as such to Noteholders (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).

On 16 September 2020, additional guidance for firms entitled: 'Mortgages and coronavirus: additional guidance for firms' came into force (the **Tailored Support Guidance**) to supplement the FCA Payment Deferral Guidance. The Tailored Support Guidance was updated on 17 November 2020, such update coming into effect on 20 November 2020. The Tailored Guidance has subsequently been updated on 27 January 2021, with the new guidance coming into effect on 29 January 2021. This extension to the existing guidance means that firms may not enforce repossessions before 1 April 2021, except in exceptional circumstances. The Tailored Support Guidance applies to firms dealing with borrowers facing payment difficulties due to circumstances related to Covid-19 who are not receiving payment deferrals under the FCA Payment Deferral Guidance, including where they are not or are no longer eligible for payment deferral. The Tailored Support Guidance is designed to enable firms to continue to deliver short and long-term support to borrowers affected by the evolving Covid-19 pandemic and the UK Government's response to it. It is intended to support firms to treat borrowers affected by Covid-19 fairly and to help borrowers to bridge the crisis to get back to a more stable financial position. If the borrower indicates that they continue or reasonably expect to continue, to face payment difficulties after receiving payment deferrals under the FCA Payment Deferral Guidance, then the Tailored Support Guidance applies and unless the borrower objects, the lender may capitalise the deferred amounts.

The Tailored Support Guidance provides that at the end of the payment deferral period, no payment shortfall for the purposes of MCOB 13 will arise, where the accrued amounts are repaid (this includes where sums

are capitalised or repaid in a lump sum) before the next payment is due. In all other cases, mortgage lenders should regard those accrued amounts as a payment shortfall under MCOB 13 once the next payment falls due. The FCA expects mortgage lenders to be flexible and employ a full range of short and long-term forbearance options to support their borrowers and minimise avoidable financial distress and anxiety experienced by customers in financial difficulty as a result of Covid-19. This may include short-term arrangements under which the lender permits the customer to make no or reduced payments for a specified period. However, it should be noted that where after the end of a payment deferral period under the FCA Payment Deferral Guidance, a mortgage lender agrees to the customer making no or reduced payments for a further period (without changing the sums due under the contract) this will cause a payment shortfall that will be subject to MCOB 13.

The Tailored Support Guidance further provides in respect of deferral shortfalls (amount added to the shortfall because of any payment deferrals) that unless the borrower is unreasonably refusing to engage with the mortgage lender in relation to addressing the shortfall, a mortgage lender should not repossess the property without the borrower's consent solely because of a deferral shortfall. Further, in considering whether and when steps to repossess the property should be taken and whether all other reasonable attempts to resolve the position have failed, mortgage lenders should take into account that the shortfall arose by agreement with the mortgage lender and in exceptional circumstances and the borrower was not expected to address the shortfall during the payment deferral period and so may have had less time to address it.

The FCA makes clear in the FCA Payment Deferral Guidance and the Tailored Support 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.

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

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

A tenancy or lease 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 two thirds 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:

- (a) a long lease is also an AT/AST due to the level of the ground rent;
- (b) the tenant is in arrears of ground rent for more than three months;
- (c) the landlord chooses to use the HA 1988 route to seek possession under Ground 8; and
- (d) the tenant does not manage to reduce the arrears to below three 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**

In 2016 the Scottish Parliament passed the Private Housing (Tenancies) (Scotland) Act 2016 which came into force in December 2017. One of the changes made by this legislation was to introduce a new form of tenancy in Scotland known as a "private residential tenancy" which will (except in a very 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 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 Private Housing (Tenancies) (Scotland) Act 2016 does not affect holiday lets, social, police or military housing or student accommodation that is either (i) purpose-built and the landlord is an institutional provider of student accommodation or (ii) provided by academic institutions.

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

### **Land Registration Reform in Scotland**

The Land Registration etc. (Scotland) Act 2012 (the **2012 Act**) came into force in Scotland 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. 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 would 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 the Seller in favour of the Issuer or its nominee in respect of Scottish Mortgages in the Portfolio recorded in the General Register of Sasines, pursuant to the terms of the Mortgage Sale Agreement and/or the Servicing Agreement following a Perfection Event (a **Scottish Sasine Transfer**)).

Since 1 April 2016 the General Register of Sasines has been closed to the recording of standard securities. Notwithstanding the provisions of the 2012 Act mentioned above, for the time being, other deeds such as assignations 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).

If the General Register of Sasines becomes closed to assignations of standard securities at any time after the date of this Prospectus, then this would also have an impact on the registration of Scottish Sasine Transfers in addition to impacting on the registration of Scottish Sasine Sub-Security executed following a Perfection Event, with the probability of higher legal costs and a longer period required to complete registration than would currently be the case.

In addition, the 2012 Act introduced provision for the Registers of Scotland to transfer a property title currently registered in the General Register of Sasines to the Land Register of Scotland without any application from the borrower (and in certain circumstances without the borrower being made aware of such transfer), known as **Keeper-induced Registrations**. Registers of Scotland has now commenced Keeper-induced Registrations in certain areas of Scotland for both publicly and privately owned properties, and has published a list of affected postcodes on its website.

As noted above, such events will only occur following a Perfection Event, and, given that the proportion of residential properties in Scotland which remain recorded in the General Register of Sasines continues to decline (the Registers of Scotland estimate that, in April 2020 around 68% of property titles in Scotland were registered in the Land Register of Scotland), it is likely that, in relation to the Cut-Off Date Portfolio, where, as at the Cut-Off Date, 10.04% (by outstanding principal balance) of the Properties are located in Scotland, only a minority of the Scottish Mortgages will be recorded in the General Register of Sasines.

## **Other Changes to Mortgage Regulation**

There can be no assurance that this section comprehensively describes all proposed changes to the relevant regulatory regime or that there will be no further changes to regulations that may have an effect on the mortgage market in the United Kingdom generally or specifically in relation to the Seller. Please see the section entitled "Covid-19 may affect the timing and amount of payments on the Loans or enforcement or repossession of the Loans" above, which notes that the FCA issued "Mortgages and coronavirus: FCA guidance for firms", in response to the ongoing outbreak of Covid-19 in the UK. Further, there can be no assurance that regulators' interpretation of existing rules and regulations will remain unchanged or whether any such regulators may apply such interpretations in respect of actions or conduct already undertaken. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Seller, the Issuer and/or the Servicer and their respective businesses and operations.

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

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

## WEIGHTED AVERAGE LIVES OF THE NOTES

The average lives of the Notes cannot be stated, as the actual rate of repayment of the Loans and redemption of the Mortgages and a number of other relevant factors are unknown. This may be further affected by the purchase of Additional Loans by the Issuer during the Further Sale Period. However, calculations of the possible average lives of the Notes can be made based on certain assumptions. For example, the table below is prepared based on the assumptions that:

- (a) the Issuer exercises its option to redeem the Notes in accordance with Condition 7.4 (Optional Redemption of the Class A Notes in Full) on the Step-Up Date, in the first scenario, or the Issuer does not exercise its option to redeem the Notes on or after the Step-Up Date, in the second scenario;
- (b) the Class A1 Target Amortisation Amount, the Class A2 Target Amortisation Amount and the Class A3 Target Amortisation Amount have been pre-determined up to the Step-Up Date and are as follows when expressed as percentages rounded to two decimals:

Interest Payment Date falling in	Class A1 Target Amortisation Amount	Class A2 Target Amortisation Amount	Class A3 Target Amortisation Amount
Closing Date	100.00%	100.00%	100.00%
Apr-2021	99.73%	99.92%	99.98%
Jul-2021	94.14%	96.73%	98.71%
Oct-2021	87.66%	93.03%	97.25%
Jan-2022	81.97%	89.78%	95.95%
Apr-2022	74.64%	85.59%	94.29%
Jul-2022	66.26%	77.54%	92.16%
Oct-2022	55.24%	71.85%	90.24%
Jan-2023	45.78%	65.46%	88.38%
Apr-2023	40.47%	62.43%	87.18%
Jul-2023	33.27%	58.32%	85.54%
Oct-2023	28.25%	55.45%	84.41%
Jan-2024	23.22%	52.58%	83.27%
Apr-2024	18.27%	49.75%	82.14%
Jul-2024	10.74%	45.46%	80.43%
Oct-2024	4.13%	41.68%	78.94%
Jan-2025	0.00%	38.15%	77.53%
Apr-2025	0.00%	34.50%	76.08%
Jul-2025	0.00%	23.66%	74.89%
Oct-2025	0.00%	18.43%	72.81%
Jan-2026	0.00%	11.13%	70.94%

- (c) the Loans are subject to a constant annual rate of repayment (inclusive of scheduled and unscheduled principal redemptions) of between 5% and 40% per annum as shown on the table below;
- (d) no drawings under the Class Z VFN have been made to fund any shortfall in Available Principal Receipts to pay the Class A Target Amortisation Amounts;
- (e) all Available Principal Receipts remaining after paying the Class A Notes by the applicable Class A Target Amortisation Amount will be used to purchase Additional Loans during the Further Sale Period, which is assumed to end immediately after the Step-Up Date;

- (f) the assets of the Issuer are not sold by the Security Trustee except as may be necessary to enable the Issuer to realise sufficient funds to exercise its option to redeem the Notes in accordance with Condition 7.4 (Optional Redemption of the Class A Notes in Full);
- (g) no Note Acceleration Notice has been served on the Issuer and no Event of Default has occurred;
- (h) no Borrowers are offered and accept different mortgage products or Further Advances by the Seller or any of its subsidiaries and the Seller is not required to repurchase any Loan (including any Further Advance thereon since the Closing Date) in accordance with the Mortgage Sale Agreement;
- (i) the Security is not enforced;
- (j) the Mortgages continue to be fully performing;
- (k) the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes has been pre-determined and the ratio of the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes to the Current Balance of the Portfolio as at the Initial Portfolio Creation Date is 12.83% when rounded to two decimals;
- (l) the Principal Amount Outstanding of the Class A2 Notes has been pre-determined and the ratio of the Principal Amount Outstanding of the Class A2 Notes to the Current Balance of the Portfolio as at the Initial Portfolio Creation Date is 15.70% when rounded to two decimals;
- (m) the Principal Amount Outstanding of the Class A3 Notes has been pre-determined and the ratio of the Principal Amount Outstanding of the Class A3 Notes to the Current Balance of the Portfolio as at the Initial Portfolio Creation Date is 59.47% when rounded to two decimals;
- (n) no Loan is a Covid-19 Payment Deferral Loan; and
- (o) the Notes are issued on or about 26 March 2021.

Annual Repayment Rate	Possible Average Life of Class A Notes (years)					
	Assuming Issuer call on Step-Up Date			Assuming no Issuer call		
	Class A1 Notes	Class A2 Notes	Class A3 Notes	Class A1 Notes	Class A2 Notes	Class A3 Notes
5%	2.64	3.50	5.06	2.72	3.77	19.11
10%	2.00	2.99	4.57	2.00	2.99	9.24
15%	2.00	2.99	4.34	2.00	2.99	6.88
20%	2.00	2.99	4.34	2.00	2.99	6.17
25%	2.00	2.99	4.34	2.00	2.99	5.74
30%	2.00	2.99	4.34	2.00	2.99	5.45
35%	2.00	2.99	4.34	2.00	2.99	5.25
40%	2.00	2.99	4.34	2.00	2.99	5.09

Assumption (a) (in relation to the Issuer exercising its option to redeem the Class A Notes on the Step-Up Date) in accordance with Condition 7.3 (Termination of the Currency Swap Agreement) reflects the current intention of the Issuer but no assurance can be given that such assumption will occur as described.

Assumption (b) is stated as an average annualised repayment rate as the repayment rate for one Interest Period may be substantially different from that for another. The constant repayment rates shown above are purely illustrative and do not represent the full range of possibilities for constant repayment rates.

Assumptions (b) to (j) (inclusive) and (n) and (o) relate to circumstances which are not predictable.

The average lives of the Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates above will prove in any way to be realistic. They must therefore be viewed with considerable caution. For more information in relation to the risks involved in the use of the average lives estimated above, see "Risk Factors – Risks related to the Availability of Funds to pay the Notes – Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption".



## 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 in the United Kingdom relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Each prospective purchaser is urged to consult its own tax advisers about the tax consequences under its circumstances of purchasing, holding and selling the Notes under the laws of the United Kingdom, its political subdivisions and any other jurisdiction in which the prospective purchaser may be subject to tax.*

*In this summary references to "Notes" and "Noteholder" excludes the Class Z VFN and the Class Z VFN Holder. The Class Z VFN Holder is urged to consult its own tax advisers about the tax consequences under its circumstances of purchasing, holding and selling the Class Z VFN under the laws of the United Kingdom, its political subdivisions and any other jurisdiction in which the Class Z VFN Holder may be subject to tax.*

#### *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 (the **Act**) for the purposes of section 987 of the Act. 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 EEA states and are admitted to trading on Euronext Dublin. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without deduction of or withholding 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%), subject to any available exemptions and 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 that 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).

### **United States Federal Income Taxation**

#### *General*

The following discussion is a general summary of certain material U.S. federal income tax consequences that may be relevant with respect to the purchase, ownership and disposition of the Notes (for purposes of the discussion below, references to "Notes" excludes the Class A3 Notes and the Class Z VFN). In general, the discussion only addresses a holder that acquires the Notes at original issuance and holds the Notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Notes. In particular, it does not discuss special tax considerations that may apply to certain types of taxpayers, including, without limitation, the following:

- (a) financial institutions;

- (b) insurance companies;
- (c) dealers or traders in stocks, securities, notional principal contracts or currencies;
- (d) tax-exempt entities;
- (e) regulated investment companies;
- (f) real estate investment trusts;
- (g) persons that will hold the Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" for U.S. federal income tax purposes;
- (h) partnerships or other pass through entities for U.S. federal income tax purposes;
- (i) United States holders (as defined below) subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account on an applicable financial statement;
- (j) certain former citizens or residents of the United States; and
- (k) United States holders (as defined below) that have a "functional currency" other than the U.S. Dollar.

This discussion also does not address alternative minimum tax or net investment income tax consequences, or the indirect effects on the holders of equity interests in holders of Notes, nor does it describe any tax consequences arising under the laws of any taxing jurisdiction other than the U.S. federal government.

This discussion is based on the U.S. Internal Revenue Code of 1986 as amended (the **Code**), U.S. Treasury regulations and judicial and administrative interpretations thereof, all as currently in effect and subject to change at any time, possibly with retroactive effect.

No rulings will be sought from the U.S. Internal Revenue Service (the **IRS**) on any of the issues discussed in this section and there can be no assurance that the IRS or courts will agree with the conclusions expressed herein. Accordingly, investors are encouraged to consult their own tax advisers as to the U.S. federal income tax consequences to the investor of the purchase, ownership and disposition of the Notes to them, including the possible application of state, local, non-U.S. or other tax laws, and other U.S. tax issues affecting the transaction.

As used in this section, the term **United States holder** means a beneficial owner of Notes which is, for U.S. federal income tax purposes:

- (a) a citizen or resident of the United States;
- (b) a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia); or
- (c) an estate or trust the income of which is subject to U.S. federal income tax without regard to its source.

A **Non-United States holder** is a beneficial owner of the Notes that is neither a United States holder nor a partnership. If a holder of Notes is a partnership for U.S. federal income tax purposes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Such partners of partnerships holding Notes are encouraged to consult their own tax advisers regarding the personal tax consequences to them.

### *Characterisation of the Class A Notes*

The Issuer will treat the Class A Notes as indebtedness for U.S. federal income tax purposes. Each United States holder of a Class A Note, by acceptance of such Class A Note, will agree to treat such Class A Note as indebtedness for U.S. federal income tax purposes. Although there is no statutory, judicial or administrative authority directly addressing the characterisation of instruments similar to the Class A Notes, upon the issuance of the Class A Notes, Allen & Overy LLP will deliver an opinion that the Class A1 Notes and the Class A2 Notes will, when issued, be treated as indebtedness for U.S. federal income tax purposes. This opinion is not binding on the IRS, and no assurance can be given that the characterisation of the Class A Notes as indebtedness will prevail if the issue were challenged by the IRS. In general, the characterisation of an instrument for such purposes as debt or equity by its issuer as of the time of issuance is binding on a holder, unless the holder takes an inconsistent position and discloses such position in its tax return. This characterisation, however, is not binding on the IRS. Prospective United States holders of the Class A Notes should consult with their own tax advisers as to the effect of a recharacterisation of the Class A Notes as equity interests in the Issuer. Except as otherwise stated below, the remainder of this discussion assumes the Class A Notes will be treated as indebtedness for U.S. federal income tax purposes.

### *Taxation of United States holders of the Class A Notes*

#### **(1) Qualified Stated Interest and Original Issue Discount**

United States holders of Class A Notes generally will be required to include in gross income the U.S. Dollar value of payments of "qualified stated interest" (generally, stated interest unconditionally payable at least annually at a single fixed rate) accrued or received on their Class A Notes, in accordance with their usual method of tax accounting, as ordinary interest income. The Issuer intends to treat interest on the Class A Notes as "qualified stated interest" under U.S. Treasury regulations (**OID Regulations**) relating to original issue discount (**OID**). As a consequence, discount on a Class A Note arising from an issuance at less than par will only be required to be accrued under the OID Regulations if such discount equals or exceeds 0.25% of the Class A Note's stated redemption price at maturity multiplied by the weighted average maturity of the Class A Note. In general, the stated redemption price at maturity of a Class A Note is the total of all payments provided by the Class A Notes that are not payments of qualified stated interest. A Class A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Class A Note (other than a payment of qualified stated interest): (i) the number of complete years from the Closing Date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Class A Note's stated redemption price at maturity. If the discount on a Class A Note does not equal or exceed the above threshold, such discount will be treated as de minimis OID and will be included in income on a *pro rata* basis as principal payments are made on the Class A Notes.

If a United States holder holds a Class A Note issued with OID (any such note, a **Discount Note**), such United States holder must include OID in income calculated under a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Note. The amount of OID includible in income by a United States holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the United States holder holds the Discount Note. The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Discount Note may be of any length selected by the United States holder and may vary in length over the term of the Discount Note as long as (i) no accrual period is longer than one year, and (ii) each scheduled payment of interest or principal on the Discount Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period)

over (b) the sum of the payments of interest on the Discount Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is equal to the "issue price" of the Discount Note (generally, the first price at which a substantial amount of Discount Notes are sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers) increased by the amount of any OID accrued for each prior accrual period and decreased by the amount of any payment previously made on the Discount Note other than a payment of qualified stated interest.

As an alternative to the above treatment, United States holders may elect to include in gross income all interest with respect to the Class A Notes, including stated interest, OID, de minimis OID and unstated interest using the constant-yield method described above. Such an election may not be changed without the consent of the IRS.

Solely for purposes of the OID rules, the Issuer will assume that the Class A Notes will be retired no later than the Step-Up Date. Notwithstanding the preceding sentence, if the Class A Notes are not retired on or before the Step-Up Date, then the Issuer will treat the Class A Notes as having been reissued on the Step-Up Date solely for purposes of applying the OID rules. If any Class A Notes are deemed retired and reissued, then such deemed reissued Class A Notes may be treated as issued with OID. The OID rules are complex and United States holders should consult their own tax advisers regarding the application of the OID rules in their particular circumstances.

Interest income on the Class A Notes will be treated as foreign source income for U.S. federal income tax purposes, which may be relevant in calculating a United States holder's foreign tax credit limitation for U.S. federal income tax purposes. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The foreign tax credit rules are complex, and United States holders are encouraged to consult their own tax advisers regarding the availability of a foreign tax credit and the application of the limitation in their particular circumstances.

## **(2) Sale, exchange or retirement of the Class A Notes**

In general, a United States holder of a Class A Note will have an adjusted tax basis in such Class A Note equal to the cost of the Class A Note to such holder, increased by any amounts includible in income by the holder as OID, and reduced by any payments thereon other than payments of qualified stated interest. Upon a sale, exchange or retirement of the Class A Note, a United States holder will generally recognise gain or loss equal to the difference between the amount realised (less any accrued but unpaid stated interest, which would be taxable as such) and the holder's adjusted tax basis in the Class A Note. Such gain or loss will be long-term capital gain or loss if the United States holder has held the Class A Note for more than one year at the time of disposition. Long-term capital gains recognised by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to limitations.

## **(3) Class A Notes denominated in a non-U.S. Dollar currency**

A United States holder holding Class A Notes denominated in a non-U.S. Dollar currency will be subject to the U.S. federal income tax rules generally applicable to instruments denominated in a non-functional currency. Under those rules, interest income generally will be calculated in the non-U.S. Dollar currency and converted into U.S. Dollars based on an applicable exchange rate. A United States holder who uses the accrual method of accounting will recognise foreign currency gain or loss (which is ordinary income or loss) as interest payments are received to account for any difference between the U.S. Dollar value of previously accrued interest income and the U.S. Dollar value of the interest payments received, regardless of whether the interest payments are in fact converted into U.S. Dollars. A United States holder who uses the cash method of accounting will be required to include in income the U.S. Dollar value of the non-U.S. Dollar currency payment (determined on the date the payment is received), regardless of whether the payment is in

fact converted to U.S. Dollars at the time. OID on Class A Notes denominated in a non-U.S. Dollar currency, regardless of whether such Class A Notes are held by a cash method or accrual method United States holder, for each accrual period will be determined in the non-U.S. Dollar currency that such Class A Note is denominated in and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis United States holder. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale, exchange or retirement of a Discount Note), a United States holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount of OID previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

Foreign currency gain or loss also generally will be recognised as principal payments are received or upon a sale, exchange or retirement of the Class A Notes (limited by the overall gain or loss on sale, exchange or retirement of the Class A Notes), reflecting changes in exchange rates between the date the Class A Notes were acquired and the date of such principal payment, sale, exchange or retirement. United States holders purchasing Class A Notes denominated in a non-U.S. Dollar currency should consult their own tax advisers regarding the calculation and treatment of foreign currency gain or loss.

#### *Foreign Financial Asset Reporting*

Certain United States holders that own certain foreign financial assets, including debt or equity of foreign entities, with an aggregate value in excess of certain U.S. Dollar thresholds may be required to file an information report with respect to such assets with their tax returns and, the understatement of income attributable to such foreign financial assets may extend the statute of limitations with respect to the tax return. Failure to comply with this requirement may result in the imposition of substantial penalties. United States holders are urged to consult their tax advisers regarding the application of these and any other applicable reporting requirements to their ownership of the Notes.

#### *Taxation of Non-United States holders of the Notes*

Subject to the back-up withholding and Foreign Account Tax Compliance Act rules discussed below, a Non-United States holder generally should not be subject to U.S. federal income or withholding tax on any payments on a Note and any gain from the sale, redemption or other disposition of a Note, unless: (a) such income is effectively connected with a trade or business conducted by such Non-United States holder in the United States; or (b) in the case of federal income tax imposed on gain, such Non-United States holder is a non-resident alien individual who holds a Note as a capital asset and is present in the United States for 183 days or more in the taxable year of sale and certain other conditions are satisfied.

Non-United States holders are encouraged to consult their own tax advisers regarding the U.S. federal income and other tax consequences to them of owning Notes.

#### *Back-up withholding and information reporting*

Back-up withholding and information reporting requirements may apply to certain payments on the Notes and to proceeds of the sale or redemption of the Notes to United States holders. The Issuer, its agent, a broker or any paying and determination agent, as the case may be, may be required to withhold tax from any payment that is subject to back-up withholding if the United States holder fails to furnish the United States holder's taxpayer identification number (usually on IRS Form W-9) to certify that such United States holder is not subject to back-up withholding, or to otherwise comply with the applicable certification requirements of the back-up withholding rules. Certain United States holders are not subject to the back-up withholding and information reporting requirements. Non-United States holders may be required to comply with applicable certification procedures (usually on IRS Form W-8BEN or IRS Form W-8BEN-E) to establish that they are

not United States holders in order to avoid the application of such information reporting requirements and back-up withholding.

Back-up withholding is not an additional tax. Any amounts withheld under the back-up withholding rules will be credited against the holder's U.S. federal income tax liability, and may give rise to a refund, provided that the required information is timely furnished to the IRS. Holders of Notes are encouraged to consult their own tax advisers as to their qualification for exemption from back-up withholding and the procedure for obtaining an exemption.

### ***Foreign Account Tax Compliance Act***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, 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 jurisdiction. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes that are not treated as equity for U.S. federal income tax purposes and that have a fixed term 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. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## CERTAIN ERISA AND RELATED CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), imposes certain requirements on "employee benefit plans" (within the meaning of Section 3(3) of ERISA) that are subject to Title I of ERISA, including certain pension plans, profit-sharing plans, and entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, **ERISA Plans**), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, such as the requirements of investment prudence, diversification and that an ERISA Plan's investments be made in accordance with the ERISA Plan's governing documents. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan, taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed under "Risk Factors" and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of the Rule 144A Notes.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan and of a "plan" (within the meaning of and subject to Section 4975 of the Code, such as individual retirement accounts and "Keogh" plans (together with ERISA Plans, **Plans**)) and certain persons (referred to as "parties in interest" under ERISA and "disqualified persons" under Section 4975 of the Code and collectively, **Parties in Interest**) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code.

Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any Rule 144A Notes and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions between a person that is a Party in Interest (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the Plan or having a relationship to such service provider, **provided that** the Plan pays no more than, and receives no less than, adequate consideration for the transaction), Prohibited Transaction Class Exemption (**PTCE**) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). The applicability of any exemption to the prohibited transaction rules will depend, in part, on the circumstances under which any such decision is made. **Prospective investors should consult with their advisers regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Rule 144A Notes.**

The Rule 144A Notes may generally be permitted to be held by a Plan or any person or entity whose underlying assets are deemed for purpose of Title I of ERISA or Section 4975 of the Code to include assets of any such Plan by reason of the U.S. Department of Labor regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (the **Plan Asset Regulation**) (each, a **Benefit Plan Investor**), **so long as** the particular issuance of Rule 144A Notes will be treated as indebtedness without substantial equity characteristics for purposes of Title I of ERISA or Section 4975 of the Code (any such permitted issuance, an **ERISA-Permitted Issuance**).

"Governmental plans" (within the meaning of Section 3(32) of ERISA), certain "church plans" (within the meaning of Section 3(33) of ERISA that have made no election under Section 410(d) of the Code), non-U.S.

plans (described in Section 4(b)(4) of ERISA) and benefit plans that are not Benefit Plan Investors (any such plan, a **Similar Plan**), while not subject to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and Section 4975 of the Code, may nevertheless be subject to a U.S. federal, state, local, non-U.S. or other law or regulation that contains one or more provisions that are substantially similar to Section 406 of ERISA or Section 4975 of the Code (any such law or regulation, a **Similar Law**). Fiduciaries of any such plans should consult with their counsel before purchasing the Rule 144A Notes to determine the need for, if necessary, and the availability of, any exemptive relief under any Similar Law.

Accordingly, each purchaser and transferee of a Rule 144A Note or any interest therein will be deemed to have represented, warranted and agreed by such purchase or transfer that either (a) it is not and for so long as it holds such Rule 144A Note or any interest therein will not be (and will not be acting on behalf of) a Benefit Plan Investor or a Similar Plan that is subject to a Similar Law or, (b) provided that such purchase or transfer is with respect to an ERISA-Permitted Issuance, its acquisition, holding and disposition of a Rule 144A Note (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any Similar Law.

Under the Plan Asset Regulation, subject to certain exceptions, if a Plan invests in an "equity interest" of an entity, then the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that equity participation in the entity by Benefit Plan Investors is not "significant" (as described below). If the underlying assets of the entity are deemed to be "plan assets", the obligations and other responsibilities of Plan sponsors, Plan fiduciaries, Plan administrators and Parties in Interest under Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code, as applicable, may be expanded, and there may be an increase in their exposure to liability under these and other provisions of ERISA and the Code (except to the extent (if any) that a favourable statutory or administrative exemption or exception applies); in addition, various providers of fiduciary or other services to the entity, and any other parties with authority or control with respect to the entity, could be deemed to be Plan fiduciaries or otherwise Parties in Interest by virtue of their provision of such services (and there could be an improper delegation of authority to such providers).

Generally, equity participation by Benefit Plan Investors in an entity is "significant" under the Plan Asset Regulation if, immediately after the most recent acquisition of any equity interest in the entity, 25% or more of the total value of any class of equity interests in the entity is held by Benefit Plan Investors, disregarding equity interests held by persons (other than Benefit Plan Investors) that have discretionary authority or control over the assets of the entity, or that provide investment advice for a fee (direct or indirect) with respect to such assets, and any "affiliates" (within the meaning of paragraph (f)(3) of the Plan Asset Regulation) thereof. For purposes of the Plan Asset Regulation, an equity interest includes any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. There is increased uncertainty regarding the characterisation of debt instruments that do not carry an investment grade rating. Consequently, a withdrawal or downgrade to below investment grade of the rating of any Rule 144A Note may cause such Rule 144A Note to be treated as an equity interest for the purposes of the Plan Asset Regulation at the time of any subsequent transfer of such Rule 144A Note to a Benefit Plan Investor.

Moreover, each purchaser or transferee of any interest in the Rule 144A Notes that is a Benefit Plan Investor will be deemed to have represented by its acquisition of any interest in such Rule 144A Notes that (a) none of the Issuer, the Arranger, the Joint Lead Managers or their respective affiliates (i) has provided any investment recommendation or investment advice to the Benefit Plan Investor or any fiduciary or other person investing the assets of the Benefit Plan Investor, or who otherwise has discretion or control over the investment and management of "plan assets" (a **Plan Fiduciary**), on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to acquire any interest in such Rule 144A Notes, and (ii) is undertaking to act as a "fiduciary" within the meaning of Section 3(21) of ERISA or Section 4975(e)(3) of the Code to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan



Investor's acquisition of any interest in such Rule 144A Notes and (b) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

Benefit Plan Investors will not be permitted to purchase or hold Regulation S Notes or the Class Z VFN. Accordingly, with respect to the Regulation S Notes and the Class Z VFN, each purchaser and transferee of such Regulation S Notes or Class Z VFN (or any interest therein) will be deemed to have represented, warranted and agreed either that (i) it is not and for so long as it holds such Regulation S Notes or Class Z VFN or any interest therein will not be (and will not be acting on behalf of), a Benefit Plan Investor or a Similar Plan that is subject to a Similar Law or (ii) it is a Similar Plan that is subject to a Similar Law, and the acquisition, holding and disposition of the Regulation S Notes or the Class Z VFN (or any interest therein) will not constitute or result in a violation of any Similar Law. Any purported purchase or transfer of Regulation S Notes or the Class Z VFN that does not comply with the foregoing shall be null and void *ab initio*.

The sale of a Rule 144A Note to a Plan is in no respect a representation by the Issuer or the Joint Lead Managers that such an investment meets all relevant requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

**THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN ERISA AND OTHER U.S. IMPLICATIONS OF AN INVESTMENT IN THE SECURITIES AND DOES NOT PURPORT TO BE COMPLETE. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISERS PRIOR TO INVESTING TO REVIEW THESE IMPLICATIONS IN LIGHT OF SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.**

## SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the **Subscription Agreement**) dated on 19 March 2021 between Yorkshire Building Society (**YBS**, the **VFN Purchaser** and the **Initial Notes Purchaser**), Accord Mortgages Limited (**Accord**), Lloyds Bank Corporate Markets plc (**Lloyds**, the **Arranger** and **Joint Lead Manager**), Lloyds Securities Inc. (**LSI** and a **Joint Lead Manager**), Barclays Bank PLC (**Barclays** and a **Joint Lead Manager**), Citigroup Global Markets Limited) (**Citigroup** and a **Joint Lead Manager** and, together with Lloyds, LSI and Barclays, the **Joint Lead Managers**), YBS, in its capacity as VFN Purchaser and Initial Notes Purchaser and the Joint Lead Managers (taken together, the **Notes Purchaser**) has agreed with the Issuer (subject to certain conditions) to subscribe and pay for all of the Class A1 Notes, Class A2 Notes and all of the Class Z VFN (as follows):

- (a) in the case of Joint Lead Managers:
  - (i) \$285,000,000 of the Class A1 Notes at the issue price of 100% of the aggregate principal amount of the Class A1 Notes;
  - (ii) £250,000,000 of the Class A2 Notes at the issue price of 100% of the aggregate principal amount of the Class A2 Notes;
- (b) in the case of YBS:
  - (i) \$15,000,000 of the Class A1 Notes at the issue price of 100% of the aggregate principal amount of the Class A1 Notes;
  - (ii) £14,000,000 of the Class A2 Notes at the issue price of 100% of the aggregate principal amount of the Class A2 Notes;
  - (iii) £1,000,000,000 all of the Class A3 Notes at the issue price of 100%; and
  - (iv) £450,000,000 (of which £243,908,000 shall be subscribed for as at the Closing Date) of the Class Z VFN at the issue price of 100% of the aggregate principal amount of the Class Z VFN as at the Closing Date.

YBS may, from time to time, without the consent of any Noteholders, in the future sell its Notes (subject to compliance with the relevant risk retention requirements) to subsequent purchasers in individually negotiated transactions at negotiated prices which may vary among different purchasers and which may be greater or less than the issue price of the Notes.

The Issuer has agreed to indemnify YBS (in its capacity as VFN Purchaser and Initial Notes Purchaser), Accord and the Arranger, and the Joint Lead Managers against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes.

No action has been taken by the Issuer or YBS (in its capacity as VFN Purchaser and Initial Notes Purchaser), or the Joint Lead Managers, which would or has been intended to permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

Pursuant to the Subscription Agreement, YBS has undertaken that it will, *inter alia*:

- (a) Comply with the disclosure obligations under Article 7(1)(e)(iii) of the UK Securitisation Regulation and Article 7(1)(e)(iii) of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date), subject always to any requirement of law, provided that YBS will not be in breach of such undertaking if YBS fails to so comply due to events, actions or circumstances beyond YBS' control;
- (b) Retain a material net economic interest of not less than 5% in the securitisation as required by the text of Article 6(1) of the UK Securitisation Regulation and Article 6(1) of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date); and
- (c) Retain the EVI in accordance with U.S. Credit Risk Retention Requirements. See "Regulatory Requirements – U.S. Credit Risk Retention Requirements".

Any change to the manner in which an interest under paragraph (b) or (c) above is held will be notified to the Noteholders.

None of the Note Trustee, the Arranger, the Joint Lead Managers or any other party (apart from the Seller) provides any assurances regarding, or assumes any responsibility or liability for, YBS' compliance with the U.S. Credit Risk Retention Requirements prior to, on or after the Closing Date.

It is expected that delivery of the Notes will be made against payment therefor on the Closing Date, which is expected to be the fifth business day following the date of pricing (this settlement cycle being referred to as T+5). Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market generally are required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next four business days will be required, by virtue of the fact the Notes initially will settle T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the relevant Closing Date should consult their own adviser.

### ***United States***

The Notes have not been and will not be registered under the Securities Act or securities laws or "blue sky" laws of any state of the United States or any other relevant federal jurisdiction and accordingly may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except, with respect to the Rule 144A Notes only, to persons that are QIBs in reliance on Rule 144A or, pursuant to any other exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or local securities laws. In addition, the Notes cannot be resold in the United States or to U.S. persons unless they are subsequently registered or an exemption from registration requirements is available.

In connection with the Regulation S Notes, each Joint Lead Manager has agreed that with respect to the relevant Regulation S Notes for which it has subscribed that it will not offer, sell or deliver the Regulation S Notes (a) as part of their distribution at any time or (b) after the expiry of the Distribution Compliance Period within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Rule 903 or 904 of Regulation S. Each distributor of Regulation S Notes will be required to agree that it will not offer, sell or deliver the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons during the Distribution Compliance Period, except in accordance with Rule 903 or 904 of Regulation S. Each distributor will also be required to agree that it will have sent to each distributor, dealer or other person receiving a selling commission, fee or other remuneration that purchases Regulation S Notes (other than resales pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on

offers and sales of the Regulation S 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.

Until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in compliance with Rule 144A or pursuant to another exemption from the registration requirements of the Securities Act.

The Joint Lead Managers may directly or through their respective U.S. broker dealer affiliates arrange for the offer and resale of notes within the United States only to QIBs in reliance on Rule 144A and each purchaser of Notes is hereby notified that any future seller of the Notes may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Rule 144A Notes which may be purchased by a QIB pursuant to Rule 144A is \$200,000 (or the approximate equivalent thereof in any other currency). To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as restricted securities within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States to non-U.S. persons in accordance with Regulation S and for the resale of the Notes in the United States in accordance with Rule 144A. The Issuer and the Joint Lead Managers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person, other than a QIB (if any) as defined in Rule 144A to whom an offer has been made directly by a Joint Lead Manager or its U.S. broker-dealer affiliate. Distribution of this Prospectus by any non-U.S. person outside the United States or by any QIB in the United States to any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB, is prohibited.

Each of the Joint Lead Managers and YBS, in its capacity as Initial Notes Purchaser, has acknowledged that Regulation S Notes and the Class Z VFN may not be purchased or held by any Benefit Plan Investor and each purchaser of any such Note will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds such Note will not be, such Benefit Plan Investor.

### ***United Kingdom***

Each of the Arranger, the Joint Lead Managers, Accord and YBS, in its capacity as Initial Notes Purchaser, 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 any invitation or inducement to engage in any activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Each of the Arranger, the Joint Lead Managers, Accord and YBS has acknowledged that, no further action has been or will be taken in any jurisdiction by the Arranger, the Joint Lead Managers and YBS that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material in relation to the Notes, in any country or jurisdiction where such further action for that purpose is required.

## **General**

No action has been taken by the Issuer, YBS or the Arranger or the Joint Lead Managers 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 Arranger, the Joint Lead Managers and YBS 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. Notwithstanding the foregoing, none of the Joint Lead Managers or the Arranger will have any liability to the Issuer, the Seller or any other party for compliance by the Issuer or YBS with the U.S. Credit Risk Retention Requirements.

## **Prohibition of Sales to EEA Retail Investors**

Each Joint 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. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the EU Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## **Prohibition of Sales to UK Retail Investors**

Each Joint 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 UK. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

## TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

### Offers and Sales

The Notes (including interests therein represented by a Rule 144A Global Note, a Regulation S Global Note, a Definitive Note or a Book-Entry Interest) have not been and will not be registered under the Securities Act or any state securities laws, and are only being offered or sold (a) outside the United States to non-U.S. persons (as defined in Regulation S under the Securities Act (Regulation S)) in compliance with Regulation S and any applicable Securities Regulations in each jurisdiction in which the notes are being offered and sold, or (b) in the United States to persons who are QIBs in reliance on an exemption from the registration requirements of the securities act provided by Rule 144A or pursuant to another available exemption from or in a transaction not subject to the registration requirements of the Securities Act.

### *Investor Representations and Restrictions on Resale*

The Notes are subject to transfer restrictions and are not transferable except in accordance with the restrictions set forth herein. Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

The Notes have not been and will not be registered under the Securities Act or the securities laws or "blue sky" laws of any state or other jurisdiction of the United States and, accordingly, may not be re-offered, resold, pledged or otherwise transferred except in accordance with the restrictions described below. Neither the Issuer nor any other person is required to so register or qualify the Notes or to provide registration rights to any investor therein.

The Notes may not be reoffered, resold, pledged or otherwise transferred except (a) (i) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S, or (b) pursuant to another available exemption from the registration requirements of the Securities Act, in each case in accordance with all applicable securities laws of any state or other jurisdiction of the United States.

On or prior to the expiration of the Distribution Compliance Period, any sale or transfer of interests in a Regulation S Global Note to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A as provided below. Any offers, sales or deliveries of the Notes in the United States or to U.S. persons by an investor purchasing in an offshore transaction pursuant to Regulation S prior to the end of the Distribution Compliance Period may constitute a violation of United States law.

Each purchaser (other than the Joint Lead Managers, YBS and the Class Z VFN Holder, if any) 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 acknowledged, represented, warranted and agreed as follows (terms used in this section that are defined in Rule 144A or Regulation S are used herein as defined therein):

- (a) (1) in the case of the Rule 144A Global Notes, (i) it is a QIB, (ii) is acquiring such Notes for its own account or as a fiduciary or agent for others (which others must also be QIBs) for investment purposes and not for distribution in violation of the Securities Act, (iii) it is able to bear the economic risk of an investment in the Rule 144A Notes and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of purchasing the Notes and (iv) it is aware, and each beneficial owner of the Notes has been advised, that the sale of such Notes is being made in reliance on Rule 144A; or (2) in the case of the Regulation S Global Notes, it is not a "U.S. Person," (within the meaning of Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate and is acquiring such Notes for its own account or as a fiduciary

or agent for other non-U.S. persons in an offshore transaction (within the meaning of Regulation S) pursuant to an exemption from registration provided by Regulation S;

- (b) (i) the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act and such Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered or sold within the United States to, or for the account or benefit of, "U.S. persons" except as set forth below:
- (ii) unless it holds an interest in a Regulation S Note and either is a person located outside the United States or is not a "U.S. person," if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the Closing Date and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (A) to the Issuer or any affiliate thereof, (B) inside the United States to a person whom the Seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (C) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (D) pursuant to the exemption from registration provided by Rule 144A under the Securities Act (if available) or (E) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;
- (iii) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (ii) above, if then applicable;
- (iv) it is not acquiring the notes with a view to the resale, distribution or other disposition thereof in violation of the Securities Act;
- (v) it understands that the Issuer is not and will not be registered under the Investment Company Act;
- (vi) if it is outside the United States and is not a U.S. person, if it should resell or otherwise transfer the Regulation S Notes prior to the expiration of the Distribution Compliance Period, it will do so only (i)(A) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A and (ii) in accordance with all applicable U.S. state securities laws;
- (vii) neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any "directed selling efforts" (as defined in Rule 902(c) under the Securities Act) with respect to the Regulation S Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S;
- (viii) neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) in connection with any offer or sale of the Regulation S Notes in the United States;
- (ix) it understands that the Notes offered in reliance on Rule 144A will be represented by the Rule 144A Global Notes. Before any interest in the Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, it will be required to provide a transfer agent with a written certification (in the form provided in the Trust Deed) as to compliance with applicable securities laws;

- (x) it also understands that the Notes offered in reliance on Regulation S will be represented by the Regulation S Global Notes. Before any interest in the Regulation S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note, it will be required to provide a transfer agent with a written certification (in the form provided in the Trust Deed) as to compliance with applicable securities laws;
- (xi) it understands that the issuer, the registrar, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements contained in this section "Transfer Restrictions and Investor Representations". If it is acquiring any Notes for the account of one or more QIBs it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;
- (xii) (A) in the case of the Rule 144A Global Notes, either (i) it is not and for so long as it holds such Rule 144A Notes or any interest therein will not be (and will not be acting on behalf of) a Benefit Plan Investor or a Similar Plan that is subject to a Similar Law or, (ii) provided that such purchase or transfer is with respect to an ERISA-Permitted Issuance, its acquisition, holding and disposition of such Rule 144A Global Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any Similar Law; and (B) in the case of the Regulation S Notes or the Class Z VFN, either (i) it is not and for so long as it holds such Regulation S Notes or Class Z VFN or any interest therein will not be (and will not be acting on behalf of), a Benefit Plan Investor or a Similar Plan that is subject to a Similar Law or (ii) it is a Similar Plan that is subject to a Similar Law, and the acquisition, holding and disposition of the Regulation S Notes or the Class Z VFN (or any interest therein) will not constitute or result in a violation of any Similar Law;
- (xiii) moreover, in the case of the Rule 144A Notes, if it is a Benefit Plan Investor, (A) none of the Issuer, the Arranger, the Joint Lead Managers or their respective affiliates (i) has provided any investment recommendation or investment advice to the Benefit Plan Investor or Plan Fiduciary, on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to acquire any interest in such Rule 144A Notes, and (ii) is undertaking to act as a "fiduciary" within the meaning of Section 3(21) of ERISA or Section 4975(e)(3) of the Code to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of any interest in such Rule 144A Notes and (B) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction; and
- (xiv) it is an eligible counterparty or professional client, each as defined in MiFID II for the purposes of any product governance target market assessment in respect of the Notes.

### **Mandatory Transfer/Redemption**

Each purchaser acknowledges and agrees that in the event that at any time the Issuer determines or is notified that such purchaser was, at the time of acquisition of the Notes or interests thereon, in breach of any of the representations or agreements set out above or otherwise determines that any transfer or other disposition of any Notes would, in the sole determination of the Issuer, require the Issuer to register as an "investment company" under the provisions of the Investment Company Act, then: (a) the Issuer may consider the acquisition of such Notes or interests therein void *ab initio*, (b) the Issuer has the right to refuse to register or otherwise honour the transfer and (c) the Issuer may require that the Notes or interests therein so purchased be transferred to a person designated by the Issuer, at a price determined by the Issuer based



upon its estimation of the prevailing price of the Notes, and by its acceptance of its Notes or interests therein, each such purchaser authorises the Issuer to take such action if warranted and understands that the Issuer shall not be responsible for any losses that may be incurred as a result of any such transfer. Accordingly, any such purported transferee or other holder will not be entitled to any rights as a Noteholder and the Issuer will have the right, but not the obligation, to force the transfer of, or redeem, any such Notes.

## Legend

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any series of the Notes is outstanding, the Regulation S Global Notes will bear a legend substantially as set forth below:

NEITHER THIS NOTE NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. CONSEQUENTLY, THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (**REGULATION S**)) (**U.S. PERSONS**) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, SUCH REGISTRATION REQUIREMENTS. THIS NOTE IS BEING OFFERED FOR SALE OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD ENDING 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES.

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, ANY TRANSFER OF THE NOTES MAY ONLY BE MADE: (A) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT (**REGULATION S**) OR (B) TO OR FOR THE ACCOUNT OR BENEFIT OF PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (**RULE 144A**)). ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF, AS APPLICABLE, EUROCLEAR OR CLEARSTREAM, LUXEMBOURG TO THE REGISTRAR OR BY THE DTC CUSTODIAN ON BEHALF OF CEDE & CO. (AS NOMINEE FOR DTC) OR TO THE REGISTRAR OR ITS RESPECTIVE AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF DTC, EUROCLEAR OR CLEARSTREAM, LUXEMBOURG, AS APPLICABLE, OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF SUCH CLEARING SYSTEM OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF SUCH CLEARING SYSTEM (AND ANY PAYMENT HEREON IS MADE TO SUCH CLEARING SYSTEM OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF SUCH CLEARING SYSTEM), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, WHETHER CEDE & CO. (AS NOMINEE FOR DTC), EUROCLEAR OR CLEARSTREAM, LUXEMBOURG, HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE COMMON SAFEKEEPER OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE

LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ANY APPLICABLE REGULATIONS.

BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN), EACH HOLDER OF THIS NOTE OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN WILL NOT BE (AND WILL NOT BE ACTING ON BEHALF OF) (I) AN "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 TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), (III) A PERSON OR ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE TO INCLUDE "PLAN ASSETS" OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN, OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO A U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (ANY SUCH LAW OR REGULATION, A **SIMILAR LAW**), OR (B) IT IS A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO A SIMILAR LAW AND THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SIMILAR LAW. ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THESE REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

THE PURCHASER OR ACQUIRER ACKNOWLEDGES THAT THE ISSUER RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (**EEA**). FOR THESE PURPOSES, A **RETAIL INVESTOR** MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, **EU MIFID II**); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE **EU INSURANCE DISTRIBUTION DIRECTIVE**), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF EU MIFID II; OR (III) A PERSON WHO IS NOT A QUALIFIED INVESTOR AS DEFINED IN THE EU PROSPECTUS REGULATION. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (THE **EU PRIIPS REGULATION**) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE EU PRIIPS REGULATION.

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM (**UK**). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018; OR (II) A CONSUMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE FSMA) AND ANY RULES OR REGULATIONS MADE UNDER FSMA WHICH WERE RELIED ON IMMEDIATELY BEFORE EXIT DAY TO IMPLEMENT THE EU INSURANCE DISTRIBUTION DIRECTIVE, WHERE THAT CONSUMER WOULD

NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW OF THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY EU PRIIPS REGULATION AS IT FORMS PART OF DOMESTIC LAW OF THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE **UK PRIIPS REGULATION**) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

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 EU MIFID II; AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A **DISTRIBUTOR**) SHOULD TAKE INTO CONSIDERATION THE MANUFACTURERS' TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO EU MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURERS' TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

SOLELY FOR THE PURPOSES OF EACH MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ONLY ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS, AS EACH TERM IS DEFINED IN THE FCA HANDBOOK CONDUCT OF BUSINESS SOURCEBOOK (**COBS**); AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A **DISTRIBUTOR**) SHOULD TAKE INTO CONSIDERATION THE MANUFACTURERS' TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (THE **UK MIFIR PRODUCT GOVERNANCE RULES**) IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURERS' TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any series of the Notes is outstanding, a Rule 144A Global Note will bear a legend substantially as set forth below:

NEITHER THIS NOTE NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF, AS APPLICABLE, EUROCLEAR OR CLEARSTREAM, LUXEMBOURG TO THE REGISTRAR OR BY THE DTC CUSTODIAN ON BEHALF OF CEDE & CO. (AS NOMINEE FOR DTC), TO THE REGISTRAR OR ITS RESPECTIVE AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS

REGISTERED IN THE NAME OF DTC, EUROCLEAR OR CLEARSTREAM, LUXEMBOURG, AS APPLICABLE, OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF SUCH CLEARING SYSTEM OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF SUCH CLEARING SYSTEM (AND ANY PAYMENT HEREON IS MADE TO SUCH CLEARING SYSTEM OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF SUCH CLEARING SYSTEM), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, WHETHER CEDE & CO. (AS NOMINEE FOR DTC), EUROCLEAR OR CLEARSTREAM, LUXEMBOURG, HAS AN INTEREST HEREIN.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE. ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE COMMON SAFEKEEPER OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ANY APPLICABLE REGULATIONS.

EACH PURCHASER AND TRANSFEREE OF THIS NOTE OR ANY INTEREST HEREIN, BY ITS ACQUISITION OF THIS NOTE, SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN WILL NOT BE (AND WILL NOT BE ACTING ON BEHALF OF) (I) AN "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 TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), (III) A PERSON OR ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE TO INCLUDE "PLAN ASSETS" OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN (EACH OF (I) TO (III)), A **BENEFIT PLAN INVESTOR**, OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO A U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (ANY SUCH LAW OR REGULATION, A **SIMILAR LAW**) OR, (B) PROVIDED THAT SUCH PURCHASE OR TRANSFER IS WITH RESPECT TO AN ISSUANCE THAT WILL TREAT THIS NOTE AS INDEBTEDNESS WITHOUT SUBSTANTIAL EQUITY CHARACTERISTICS FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR IN A VIOLATION OF ANY SIMILAR LAW. THE PURCHASER OR ACQUIRER ACKNOWLEDGES THAT THE ISSUER RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE

ISSUER MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

MOREOVER, EACH PURCHASER OR TRANSFEREE OF ANY INTEREST IN THIS NOTE THAT IS A BENEFIT PLAN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED BY ITS ACQUISITION OF ANY INTEREST IN THIS NOTE THAT (X) NONE OF THE ISSUER, THE ARRANGER, THE JOINT LEAD MANAGERS OR THEIR RESPECTIVE AFFILIATES (I) HAS PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE TO THE BENEFIT PLAN INVESTOR OR ANY FIDUCIARY OR OTHER PERSON INVESTING THE ASSETS OF THE BENEFIT PLAN INVESTOR, OR WHO OTHERWISE HAS DISCRETION OR CONTROL OVER THE INVESTMENT AND MANAGEMENT OF "PLAN ASSETS" (A **PLAN FIDUCIARY**), ON WHICH EITHER THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY HAS RELIED IN CONNECTION WITH THE DECISION TO ACQUIRE ANY INTEREST IN THIS NOTE, AND (II) IS UNDERTAKING TO ACT AS A "FIDUCIARY" WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR SECTION 4975(e)(3) OF THE CODE TO THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S ACQUISITION OF ANY INTEREST IN THIS NOTE AND (B) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGEMENT IN EVALUATING THE TRANSACTION.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. TERMS WHICH ARE USED IN THIS LEGEND AND NOT OTHERWISE DEFINED HEREIN, HAVE THE MEANINGS GIVEN TO THEM UNDER SUCH RULE.

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (**EEA**). FOR THESE PURPOSES, A **RETAIL INVESTOR** MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, **EU MIFID II**); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE **EU INSURANCE DISTRIBUTION DIRECTIVE**), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF EU MIFID II; OR (III) A PERSON WHO IS NOT A QUALIFIED INVESTOR AS DEFINED IN THE EU PROSPECTUS REGULATION. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (THE **EU PRIIPS REGULATION**) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE EU PRIIPS REGULATION.

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM (UK). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018; OR (II) A CONSUMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE **FSMA**) AND ANY RULES OR REGULATIONS MADE UNDER FSMA WHICH WERE RELIED ON IMMEDIATELY BEFORE EXIT DAY TO IMPLEMENT THE EU INSURANCE DISTRIBUTION DIRECTIVE, WHERE THAT CONSUMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW OF THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY EU PRIIPS REGULATION AS IT FORMS PART OF DOMESTIC LAW OF THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE UK PRIIPS REGULATION) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE

MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION

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 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.

SOLELY FOR THE PURPOSES OF EACH MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ONLY ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS, AS EACH TERM IS DEFINED IN THE FCA HANDBOOK CONDUCT OF BUSINESS SOURCEBOOK (**COBS**); AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A **DISTRIBUTOR**) SHOULD TAKE INTO CONSIDERATION THE MANUFACTURERS' TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (THE **UK MIFIR PRODUCT GOVERNANCE RULES**) IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURERS' TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS. 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.

*Additional representations and restrictions applicable to a Class Z VFN*

Any holder of a Class Z VFN may only make a transfer of the whole of its Class Z VFN or create or grant any encumbrance in respect of such Class Z VFN if all of the following conditions are satisfied:

- (a) the holder of such Class Z VFN making such transfer or subjecting the Class Z VFN to such encumbrance shall be solely responsible for any costs, expenses or taxes which are incurred by the Issuer, the holder of such Class Z VFN or any other person in relation to such transfer or encumbrance;
- (b) the holder of such Class Z VFN has received the prior written consent of the Issuer and (for so long as any Class A Notes are outstanding) the Note Trustee (the Note Trustee shall give its consent to such a transfer if the same has been sanctioned by an Extraordinary Resolution of the Class A Noteholders);
- (c) the person to which such transfer is to be made falls within paragraph 3 of Schedule 2A of the Insolvency Act 1986;
- (d) the transferee of such Class Z VFN is independent of the Issuer (within the meaning of regulation 2(1) of the Taxation of Securitisation Companies Regulations 2006); and

(e) the transferee is a Qualifying Noteholder.

The Class Z VFN Registrar shall not pay any relevant Interest Amount to the holder of a Class Z VFN and such holder shall not be entitled to receive such relevant Interest Amount on any Interest Payment Date free of any relevant withholding or deduction for or on account of United Kingdom income tax, unless and until it has provided to the Issuer a tax certificate substantially in the form set out in Schedule 1 (Form of Tax Certificate) of the Agency Agreement (the **Tax Certificate**) and the Issuer (or the Cash Manager on behalf of the Issuer in accordance with the terms of the Cash Management Agreement) has confirmed in writing to the Class Z VFN Registrar that such Interest Amount in respect of the Class Z VFN can be paid free of any relevant withholding or deduction for or on account of United Kingdom income tax. The Class Z VFN Registrar shall upon receipt of such confirmation make a note of such confirmation in the Class Z VFN Register.

*Because of the foregoing restrictions, purchasers of the 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. The legal entity identifier (LEI) of the Issuer is: 213800UCE3NFG8SQKH09.
2. It is expected that the admission of the Class A Notes to the Official List of Euronext Dublin and the admission of the Class A Notes to trading on the Regulated Market of Euronext Dublin will be granted on or around 30 March 2021. The Class Z VFN will not be listed.
3. Neither the Issuer nor the Holdings 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, in respect of the Issuer, 8 January 2021 and, in respect of Holdings, 2 December 2020 (being the dates of incorporation 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. The auditors of the Issuer are PriceWaterhouse Coopers LLP. PriceWaterhouse Coopers LLP is a member of the Institute of Chartered Accountants in England and Wales. No statutory or non-statutory accounts within the meaning of Sections 434 and 435 of the Companies Act 2006 (as amended) in respect of any financial year of the Issuer have been prepared. So long as any of the Class A Notes are admitted to trading on the Regulated Market of Euronext Dublin, 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. Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.
6. Since in respect of the Issuer, 8 January 2021 and, in respect of Holdings, 2 December 2020 (being the dates of incorporation 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.
7. The issue of the Notes was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 16 March 2021.
8. The Class A Notes have been accepted for clearance through the Clearing Systems under the following CUSIP, ISINs and Common Codes (as indicated below):



<b>Class of Notes</b>	<b>CUSIP</b>	<b>ISIN</b>	<b>Common Code</b>
Class A1 Notes	10554P AA1	Rule 144A: US10554PAA12 Regulation S: XS2297660156	Rule 144A: 230034761 Regulation S: 229766015
Class A2 Notes	N/A	Rule 144A: XS2297662525 Regulation S: XS2297660586	Rule 144A: 229766252 Regulation S: 229766058
Class A3 Notes	N/A	Rule 144A: XS2297663093 Regulation S: XS2297662871	Rule 144A: 229766309 Regulation S: 229766287

9. From the date of this Prospectus and for so long as the Class A Notes are listed on the Regulated Market of Euronext Dublin, copies of the following documents (in both electronic and hard copy format) may be inspected:

- (a) at the registered office of the Issuer during usual business hours, on any weekday (public holidays excepted), and on the Reporting Websites, the Memorandum and Articles of Association of each of the Issuer and Holdings;
- (b) at the registered office of the Issuer during usual business hours, on any weekday (public holidays excepted) or on the website of YBS at [www.ybs.co.uk](http://www.ybs.co.uk), copies of the following documents:
  - (i) the Agency Agreement;
  - (ii) the Deed of Charge;
  - (iii) the Cash Management Agreement;
  - (iv) the Master Definitions and Construction Schedule;
  - (v) the Mortgage Sale Agreement;
  - (vi) the Corporate Services Agreement;
  - (vii) the Bank Account Agreement;
  - (viii) the Guaranteed Investment Contract;
  - (ix) the Servicing Agreement;
  - (x) the Interest Rate Swap Agreement;
  - (xi) the Currency Swap Agreement;
  - (xii) the Collateral Account Bank Agreement; and

(xiii) the Trust Deed.

10. YBS will procure that the information and reports as more fully set out in the section of this Prospectus headed "**Summary of the Key Transaction Documents – Cash Management Agreement – Investor Reports and Information**" are published when and in the manner set out in such section.
11. YBS will procure that the Cash Manager will:
- (i) publish a quarterly investor report in respect of the relevant Collection Period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and Article 7(1)(e) of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date);
  - (ii) publish on a quarterly basis certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation and Article 7(1)(a) of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date);
  - (iii) publish any information required to be reported pursuant to Article 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation and Article 7(1)(f) or 7(1)(g) (as applicable) of the EU Securitisation Regulation (as if it were applicable to YBS and as in force on the Closing Date) without delay. Such information will also be made available, on request, to potential holders of the Notes; and
  - (iv) within 15 days of the issuance of the Notes, make available via the Reporting Websites, copies of the Transaction Documents, the UK STS Notification and this Prospectus.

The Cash Manager will make the information referred to in this section available to the holders of any of the Notes, relevant competent authorities and to potential investors in the Notes. The information referred to in paragraphs (i) and (ii) above shall be made available simultaneously not later than one month after the relevant Interest Payment Date.

12. YBS and the Issuer will procure that the Cash Manager will publish a monthly investor report detailing, *inter alia*, certain aggregated loan data in relation to the Portfolio in the form required by the Bank of England for the purpose of the Bank of England's sterling monetary framework. Such reports will be published on YBS' website and by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the UK Securitisation Regulation and Article 10 of the EU Securitisation Regulation (solely as it applies on the Closing Date, as applicable) by means of the Reporting Websites. For the avoidance of doubt, these websites and the contents thereof do not form part of this Prospectus. YBS will make the information referred to above available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes.
13. Information required to be made available prior to pricing to potential investors in the Notes pursuant to Article 7 of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation (as if it were applicable to YBS and solely as it applies on the Closing Date) was made available by means of the Reporting Websites. YBS has procured that on or about the date of this Prospectus a UK STS Notification shall be submitted to the FCA, in accordance with Article 27 of the UK Securitisation Regulation, confirming that the UK STS Requirements have been satisfied with respect to the Notes. It is expected that the UK STS Notification will be available on the website of the FCA (<https://data.fca.org.uk/#/sts/stssecuritisations>). For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. A draft version of the UK STS

Notification was made available prior to pricing to potential investors in the Notes by way of the Reporting Websites.

14. The Issuer confirms that the Loans backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. However, investors are advised that this confirmation is based on the information available to the Issuer at the date of this Prospectus and may be affected by the future performance of such assets backing the issue of the Notes. Consequently, investors are advised to review carefully any disclosure in this Prospectus together with any amendments or supplements thereto.
15. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent in connection with the Class A Notes and is not itself seeking admission of the Class A Notes to the Official List of Euronext Dublin or to trading on its Regulated Market for the purposes of the EU Prospectus Regulation.

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